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LEGISLATIVE HISTORY

Public Law 519 -- 83rd Congress

Chapter 560 -- 2nd Session

H. R. 6342

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INDEX AND SUMMARY OF H. R. 519

DIGEST OF PUBLIC LAW 519

January 29, 1954. Senate Committee on Public Buildings and Grounds. H. R. 519, Public Law 519, 80th Congress, 2d Session. Printed at the Government Printing Office, Washington, D. C.

PUBLIC BUILDINGS PURCHASE CONTRACT ACT OF 1954: Amends the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for construction of public buildings thereon by executing purchase contracts.

January 29, 1954	Senate Committee on Public Buildings and Grounds. H. R. 519, Public Law 519, 80th Congress, 2d Session. Printed at the Government Printing Office, Washington, D. C.
July 10, 1953	Mr. [Name] introduced H. R. 519, which was referred to the Committee on Public Buildings and Grounds.
July 16, 1953	Mr. [Name] introduced H. R. 519, which was referred to the Committee on Public Buildings and Grounds.
July 17, 1953	Committee reported H. R. 519, which was referred to the Senate.
July 21, 1953	Committee reported H. R. 519, which was referred to the Senate.
July 24, 1953	Committee reported H. R. 519, which was referred to the Senate.
July 25, 1953	Committee reported H. R. 519, which was referred to the Senate.
July 26, 1953	Committee reported H. R. 519, which was referred to the Senate.
July 29, 1953	Committee reported H. R. 519, which was referred to the Senate.
August 1, 1953	Committee reported H. R. 519, which was referred to the Senate.
August 15, 1953	Committee reported H. R. 519, which was referred to the Senate.
August 19, 1953	Committee reported H. R. 519, which was referred to the Senate.
August 21, 1953	Committee reported H. R. 519, which was referred to the Senate.
August 24, 1953	Committee reported H. R. 519, which was referred to the Senate.
August 27, 1953	Committee reported H. R. 519, which was referred to the Senate.
August 30, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 2, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 5, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 8, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 11, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 14, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 17, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 20, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 23, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 26, 1953	Committee reported H. R. 519, which was referred to the Senate.
September 29, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 2, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 5, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 8, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 11, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 14, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 17, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 20, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 23, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 26, 1953	Committee reported H. R. 519, which was referred to the Senate.
October 29, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 1, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 4, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 7, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 10, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 13, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 16, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 19, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 22, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 25, 1953	Committee reported H. R. 519, which was referred to the Senate.
November 28, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 1, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 4, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 7, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 10, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 13, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 16, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 19, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 22, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 25, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 28, 1953	Committee reported H. R. 519, which was referred to the Senate.
December 31, 1953	Committee reported H. R. 519, which was referred to the Senate.

PROJECT OF PUBLIC LAW 719

PUBLIC BUILDINGS PURCHASE COMMISSION ACT OF 1924: Amends the Public Buildings Act of 1909 to authorize the Administrator of General Services to acquire title to real property and to provide for construction of public buildings thereon by executing purchase contracts.

INDEX AND SUMMARY OF H. R. 6342

January 29, 1953 Senator McCarthy (for himself and others) introduced S. 690 which was referred to the Committee on Government Operations. Print of bill as introduced.

Mr. Elliott introduced H. R. 2250 which was referred to the Committee on Government Operations. Print of bill as introduced.

June 2, 1953 Committee reported S. 690 with amendments. Senate Report 318. Print of bill as reported.

June 3, 1953 Senator Martin introduced S. 2041 which was referred to the Committee on Public Works. Print of bill as introduced.

July 16, 1953 Mr. McGregor introduced H. R. 6342 which was referred to the Committee on Public Works. Print of bill as introduced.

July 17, 1953 Committee reported H. R. 6342 without amendment. House Report 875. Print of bill as reported.

July 20, 1953 Committee on Rules reported House Resolution 344 for consideration of H. R. 6342. House Report 885.

July 23, 1953 Committee reported S. 2457 without amendment. Senate Report 614. Print of bill as reported.

July 24, 1953 Hearings on H. R. 6342 and S. 2041 before subcommittee of the Senate Committee on Public Works.

House passed H. R. 6342 without amendments.

July 25, 1953 H. R. 6342 referred to Senate Committee on Public Works. Print of bill as referred.

January 21, 1954 Hearings on H. R. 6342 and S. 2041 before subcommittee of the Senate Committee on Public Works.

March 15, 1954 Committee voted to report H. R. 6342.

March 19, 1954 Committee reported with amendments. Senate Report 1084. Print of bill as reported.

April 8, 1954 Senate began debate.

April 9, 1954 Senate continued debate.

INDEX AND SUMMARY OF H. R. 6342

January 29, 1953	Senator McNamara (for himself and others) introduced S. 200 which was referred to the Committee on Government Operations. Print of bill as introduced.
	Mr. Elliott introduced H. R. 6342 which was referred to the Committee on Government Operations. Print of bill as introduced.
June 2, 1953	Committee reported S. 200 with amendments. Senate Report 314. Print of bill as reported.
June 3, 1953	Senator McNamara introduced S. 201 which was referred to the Committee on Public Works. Print of bill as introduced.
July 10, 1953	Mr. McNamara introduced H. R. 6343 which was referred to the Committee on Public Works. Print of bill as introduced.
July 17, 1953	Committee reported H. R. 6342 without amendments. House Report 675. Print of bill as reported.
July 20, 1953	Committee on Rules reported House Resolution 241 for consideration of H. R. 6342. House Report 685.
July 23, 1953	Committee reported S. 201 without amendments. Senate Report 315. Print of bill as reported.
July 26, 1953	Hearings on H. R. 6342 and S. 201 before subcommittee of the Senate Committee on Public Works.
	House passed H. R. 6342 without amendments.
July 25, 1953	H. R. 6342 referred to Senate Committee on Public Works. Print of bill as reported.
January 21, 1954	Hearings on H. R. 6342 and S. 201 before subcommittee of the Senate Committee on Public Works.
March 15, 1954	Committee voted to report H. R. 6342.
March 19, 1954	Committee reported H. R. 6342 with amendments. Senate Report 1064. Print of bill as reported.
April 6, 1954	Senate action delayed.
April 8, 1954	Senate continued debate.

ENTIRE DE PUBLIC BILLING ACT OF 1945

April 14, 1954	Senate continued debate.
April 15, 1954	Senate continued debate.
April 20, 1954	Senate passed H. R. 6342 with amendments. Print of bill as passed Senate. Senate conferees appointed.
April 27, 1954	House conferees appointed.
June 3, 1954	Senator Bush substituted for Senator Kuchel as conferee.
June 4, 1954	Senator Morse spoke against bill.
June 22, 1954	Conferees agreed to file report.
June 24, 1954	Both Houses received conference report. House Report 1923.
July 7, 1954	House agreed to conference report.
July 8, 1954	Senate agreed to conference report.
July 22, 1954	Approved: Public Law 519.

1921, April 14

1921, April 14

1921, April 17

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1921, April 20

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1921, April 27

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1921, July 22

AMENDING THE PUBLIC BUILDINGS ACT OF 1949

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON PUBLIC WORKS UNITED STATES SENATE

EIGHTY-THIRD CONGRESS

SECOND SESSION

ON

H. R. 6342 and S. 2041

BILLS TO AMEND THE PUBLIC BUILDINGS ACT OF 1949 TO
AUTHORIZE THE ADMINISTRATOR OF GENERAL SERVICES
TO ACQUIRE TITLE TO REAL PROPERTY AND TO PROVIDE
FOR THE CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS
THEREON BY EXECUTING PURCHASE CONTRACTS; TO
EXTEND THE AUTHORITY OF THE POSTMASTER GENERAL
TO LEASE QUARTERS FOR POST-OFFICE PURPOSES, AND
FOR OTHER PURPOSES

JULY 24, 1953, AND JANUARY 21, 1954

Printed for the use of the Committee on Public Works



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1954

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ROBERT W. UPTON, New Hampshire	ALBERT GORE, Tennessee
	THOMAS A. BURKE, Ohio
	WAYNE MORSE, Oregon

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AMENDING THE PUBLIC BUILDINGS ACT OF 1949

THURSDAY, JANUARY 21, 1954

UNITED STATES SENATE,
COMMITTEE ON PUBLIC WORKS,
SUBCOMMITTEE ON BUILDINGS AND GROUNDS,
Washington, D. C.

The subcommittee met at 10:10 a. m., pursuant to call, in room 412, Senate Office Building, Senator Thomas H. Kuchel, chairman of subcommittee, presiding.

Present: Senators Martin (chairman), Kuchel (chairman of subcommittee), Holland, Stennis, and Gore.

Also present: Senator Chavez and Mr. Ellsworth W. Bassett, and T. W. Sneed, staff members.

Senator KUCHEL. The subcommittee will come to order. At the direction of Senator Martin, the chairman of the Senate Committee on Public Works, I am holding a subcommittee hearing this morning on H. R. 6342, to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

(H. R. 6342 is as follows:)

[H. R. 6342, 83d Cong., 1st sess.]

AN ACT To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—GENERAL SERVICES ADMINISTRATION

SEC. 101. The Public Buildings Act of 1949 is amended by (1) redesignating section 411 thereof as section 412, and (2) inserting, immediately after section 410 thereof, the following new section:

"Sec. 411. (a) Whenever the Administrator of General Services determines that (1) the needs for space for the permanent activities of the Federal Government in any particular area cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for the accommodation of activities of the Government in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), except for the accommodation of activities of the Post Office Department, by negotiating and entering into purchase contracts, the terms of which shall not be less than ten nor more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration

of the contract term and upon fulfillment of the terms and conditions stipulated in each of such purchase contracts. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of installment payments made thereunder including provision for the exchange of surplus real property or real property which may become surplus as a result of such agreement, where the Administrator determines that the best interests of the Government in economy and efficiency of operation will be served.

"(b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

"(c) The Administrator of General Services is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demolition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable purchase contracts.

"(d) Each such purchase contract shall include such provisions as the Administrator of General Services, in his discretion, shall deem to be in the best interests of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States: *Provided*, That no such agreement may provide for the payment by the United States in pursuance of the terms thereof of moneys in an aggregate annual amount in excess of 15 per centum of the appraised fair market value of the property at the date of the purchase contract, or in the case of property where construction shall not have been completed at that date in excess of 15 per centum of the fair market value at the date of completion of such construction.

"(e) No proposed purchase contract agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, thirty days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

"(f) Funds now or hereafter available for the payment of rent and related charges for premises, whether appropriated directly to the General Services Administration or to any other agency of the Government and received by said Administration for such purpose, may be utilized by the Administrator of General Services to make payments becoming due from time to time from the United States as current charges in connection with agreements entered into under authority of this section: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the contract term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized: *Provided further*, That the value of any Government real property to be exchanged under any such agreement may be credited at the time of exchange to the payments to be made by the United States thereunder: *Provided further*, That Government real property to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall, except as provided in section 205 of the Post Office Department Property Act of 1953, be covered into the miscellaneous receipts of the Treasury of the United States.

"(g) When requested by the Postmaster General, the Administrator of General Services is hereby authorized to exercise the authority vested in him by this section (1) to acquire property for postal purposes, or (2) to provide space for postal purposes in buildings acquired under this section for other purposes.

"(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

"(i) If any provision of this section or the application thereof to any person or circumstance is held invalid, the remainder of this section and the application thereof to other persons or circumstances shall not be affected thereby.

"(j) (1) Section 302 (c) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to purchase contract agreements entered into under this section, except that any such agreement may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

"(2) Except as provided by paragraph (1) of this subsection, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); section 3 of the Act of August 27, 1935, as amended (60 Stat. 257; 40 U. S. C. 304c); section 407 of this Act; and any other provision of law (except applicable labor standards provisions) relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to purchase contract agreements executed under this section."

SEC. 102. It is not the intention of the Congress that the program authorized by this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the Federal Government.

SEC. 103. This title may be cited as the "Public Buildings Purchase Contract Act of 1953".

TITLE II—POST OFFICE DEPARTMENT

SEC. 201. It is the purpose of this title to supplement existing provisions of law for the leasing of space for postal purposes by providing authorization for the acquisition by the Postmaster General of such space through the execution of lease-purchase and other agreements under which the United States will obtain immediate use of such space and will make periodic payments, and in the case of lease-purchase agreements will obtain title to the property described therein at or prior to the end of the term prescribed therein. It is not the intention of the Congress that the program authorized by section 202 of this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the postal service.

SEC. 202. (a) Whenever the Postmaster General determines that (1) there is a substantial need for space for postal purposes in any particular area which cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, (2) the receipts of the post office serving such area exceed \$10,000 per year, and (3) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for postal purposes in suitable structures of permanent-type construction in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), by negotiating and entering into lease-purchase agreements, the terms of which shall not be less than ten nor more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the leasehold term and upon fulfillment of the terms and conditions stipulated in each of such lease-purchase agreements. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of rental payments made thereunder. Such payments under any such agreement may include amounts for the amortization of the fair market value on the date of such agreement of the property described therein. The financial transactions of the Post Office Department with respect to such lease-purchase agreements shall be subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950 (Act of August 17, 1950, ch. 735. Eighty-first Congress, second session).

(b) The Postmaster General is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements.

(c) The Postmaster General is authorized to enter into agreements, with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land purchased by the United States for postal purposes, including the demolition of obsolete and outmoded structures situate thereon, by providing for the construction thereon by others of such

structures and facilities as shall be the subject of the applicable lease-purchase agreement.

(d) Each such lease-purchase agreement shall include such provisions as the Postmaster General, in his discretion, shall deem to be in the best interest of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States.

(e) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General to make any payments becoming due from time to time from the United States in pursuance of lease-purchase agreements entered into under the authority of this title: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any lease-purchase agreement prior to the expiration of the leasehold term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized.

SEC. 203. (a) Notwithstanding any other provision of law, the Postmaster General is authorized to—

(1) negotiate and enter into lease agreements with any person, copartnership, corporation, or other public or private entity, on such terms as the Postmaster General deems to be in the best interests of the United States, for the erection by such lessor of such buildings and improvements for postal purposes as the Postmaster General deems appropriate, on lands sold, leased, or otherwise disposed of by the Postmaster General or otherwise acquired by, such person, copartnership, corporation, or public private entity;

(2) for the purposes of paragraph (1) of this section, and without regard to the Federal Property and Administrative Services Act of 1949 (Act of June 30, 1949, ch. 288, Eighty-first Congress, first session), as amended—

(A) acquire by purchase, condemnation, lease, donation, or otherwise, and on such terms as he shall deem appropriate to the best interests of the United States, real property and interests therein, for use for postal purposes; and

(B) dispose of real property, and interests therein, acquired for use or used for postal purposes by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States.

(b) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General for the purposes of this section.

SEC. 204. The Postmaster General may, at the time he enters into any lease-purchase or lease agreement under authority of this title, include in such agreement a provision for adjustment of the rental paid to any lessor to compensate for any increase or decrease in taxes on the leased property.

SEC. 205. Amounts received by the Government from sales, leases, or other disposals of property acquired in the performance by the Postmaster General of the functions vested in him by this title shall be credited to the current applicable appropriation of the Post Office Department and shall be available for expenditure for the purposes of this title.

SEC. 206. The Postmaster General shall take title, on behalf of the United States, to all real property purchased by him under authority of this title.

SEC. 207. (a) Section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to the acquisition in fee simple of real property under this title, except that any lease-purchase agreement to acquire real property under this title may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the real property described therein.

(b) Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall apply (1) to the acquisition of real property by lease-purchase agreements, under authority of section 202 of this title, and (2) to the lease agreements entered into under authority of paragraph (1) of section 203 (a) of this title.

(c) Except as provided by subsections (a) and (b) of this section, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); and any other provision of law (except applicable labor standards provisions) relating to the acquisition or disposal of real property, construction of buildings, or leasing of space, shall not apply to any of the functions performed by the Postmaster General in effectuating the purposes of this title.

SEC. 208. No agreement shall be entered into under this title later than a date ten years after the date of enactment of this title.

SEC. 209. The Postmaster General shall include in his annual report an account of transactions conducted during the applicable year pursuant to the provisions of this title.

SEC. 210. This title may be cited as the "Post Office Department Property Act of 1953".

Passed the House of Representatives July 24, 1953.

Attest:

LYLE O. SNADER, *Clerk.*

Senator KUCHEL. The purpose of this meeting is to permit an inquiry begun at the last session into the general-purpose legislation concerning which several bills have been introduced in each House of the Congress.

This hearing will be concerned particularly with H. R. 6342 which is now before us.

At the hearings which were held late last spring or early summer, representatives from the General Services Administration, the Comptroller General, the American Municipal Association, and the National Association of Real Estate Boards testified generally, and in an effort to avoid any duplication of testimony I desire to ask those who have been invited to appear here today to speak specifically to the House bill which is before us and to the mechanics by which the General Services Administration, in the first part of the bill, and the Post Office Department in the second part of the bill, would be permitted to enter into the type of agreements for which the bill provides.

A representative of the General Services Administration and Mr. Edmund F. Mansure, Administrator, are here. Would they please come forward?

Senator STENNIS. Let me raise this point in the record, please, Mr. Chairman. I want to know what would be the situation if this bill becomes law and we have a small town that does not have the willing local capital. Will this policy preclude the present policy of the Federal Government building post offices in those small towns?

In other words, I want to hear what these gentlemen have to say about that and also any member of the committee. Although I favor the general bill, I wouldn't want us to get off on a new policy, adopt a new policy, and say to a small town, "You haven't got local capital. You are out. The law has been changed."

We want to keep that in mind.

Senator KUCHEL. We are delighted to have you here, Mr. Mansure, as Administrator of the General Services Administration.

Senator Stennis has raised a question and if you would direct your first comments to his question, please, it would be appreciated.

Senator STENNIS. I did not mean to ask you to take that up first. It is just a question that comes to my mind.

STATEMENT OF EDMUND F. MANSURE, ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY MAXWELL H. ELLIOTT, GENERAL COUNSEL; W. E. REYNOLDS, COMMISSIONER OF PUBLIC BUILDINGS; AND HARRY HUNTER, DEPUTY COMMISSIONER OF PUBLIC BUILDINGS, GENERAL SERVICES ADMINISTRATION

Mr. MANSURE. I would like to say that Mr. Maxwell Elliott, our General Counsel, and Mr. Harry Hunter, our Deputy Commissioner of Public Buildings, will cover various phases of this subject. Mr. W. E. Reynolds, the Commissioner of Public Buildings, is making a speech right now and he will be here in the next 20 minutes.

I would like Mr. Elliott to explain how we would deal with a situation such as Senator Stennis has brought up, which we feel is very important.

Mr. ELLIOTT. In the first place, this legislation is not intended to provide an exclusive method of obtaining new post offices and other Federal buildings. It is just another and additional tool for the Government to provide office buildings or post offices. Mr. Kieb could tell you more about the post office part of it.

There still will be Federal law to permit the direct building of Federal post offices or other buildings when the authorizations are provided for them.

There is a provision in the Post Office title that permits long-term leasing of Federal buildings.

The third proposition is that we do not think that the financing of these buildings will necessarily be dependent upon any local capital because, you see, the lease-purchase will be backed by a firm obligation of the United States, which is pretty darned good security. One of the values we feel the legislation has is that it is going to attract institutional capital which wants a safe return but a relatively low one. There is no reason why an insurance company would not be just as safe in financing a lease-purchase building in a little town as in a big town.

Senator STENNIS. Still the small town would not be precluded if it could not attract most of the outside capital.

Mr. ELLIOTT. No, sir. There are two methods, one by long-term lease and the other by direct building.

Senator KUCHEL. The staff has pointed out to me that section 102 of this bill, H. R. 6342, on page 7 reads as follows:

It is not the intention of the Congress that the program authorized by this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the Federal Government.

Senator STENNIS. That is good. Thank you.

Mr. MANSURE. I would like to bring out one further point that is not in direct answer to that question, but is very important insofar as the overall program is concerned, and that is that I am personally cognizant of the fact that there are two separate sections to this bill or act pertaining to General Services Administration and to the Post Office Department. However, as far as the relationship between the two agencies is concerned, there is not really a division of operations be-

cause we feel, in the General Services Administration, that what would apply to our operation and would be effective for us, would equally apply for the Post Office Department, and so there really is no division as far as the practical phase of the operation is concerned.

Do you have any question on that, Senator Kuchel, that you wanted to ask about the relationship between the two departments?

Senator KUCHEL. No, I think that we should have in the statements by yourself and others, Mr. Mansure, precisely what authority is given to the General Services Administration, the extent of the authority, and your reasons why the authority should be lodged in the General Services Administration.

Mr. MANSURE. I would like first to make an overall statement. Then I would like Mr. Elliott to express the views of the General Services Administration on the aspects of the legislation which you mentioned, and the Post Office representatives will explain their position and authority.

First of all, we are so vitally interested in this legislation, I might say, because we see through this a very effective means of obtaining a sizable savings in the operation of Government-leased space.

For example, in some cities where we have a comparatively small operation from an overall standpoint, we are paying as high as from half a million dollars to \$800,000 in rent. We feel that at the end of the 5 years which our leases run, outside of the District of Columbia, that the Government is in the same position as an individual. All we have to show is the receipts for this money paid out.

But on top of that, in many cases the Government has to spend substantial amounts of money on remodeling of buildings in order to made them usable for Government purposes. Therefore, if we do not renew the lease at the end of our 5-year term, we have that capital investment in the building. If we do renew them, we are going along again with another period of rent.

As this seems to me, it is just the same, to simplify the whole program, as a married couple buying a home. They make an investment in a piece of property. They decide they would rather have the ownership in it rather than paying rent. What the Government is actually doing is, that by the payment of rent, in time, it takes title to that particular piece of property and, therefore, if we put capital improvements into the property we are not making them for a private ownership but we are making them for the benefit of the Government.

I am going to anticipate a question immediately, because I think it is of great importance. It has already been asked of me, Is this going to be a tremendous building program that you are starting out on? The answer is a definite "No." We have no plans, no definite plans now for the number of buildings that would even be considered, but that would be very, very small, because first of all we would take into consideration the cost of construction during any period of construction, or the condition of the real estate market at the time, if the building already exists.

Secondly, we would only consider the purchase or the erection of a building where there is not something at present available to take care of the needs of the Government. Why? Because our program is to reduce the amount of rented space rather than to expand it. And we are now trying to move all Government activities insofar as practical or possible into existing Government-owned properties.

Of course, you know this year we have an objective of a 17 percent reduction in leased space. So, when we are reducing leased space, we are not planning for a big expansion or building program under this lease-purchase authority.

I know that many of the senators are quite concerned about that.

Senator KUCHEL. Would it be fair to say that the scope of the expansion would, under the terms of the bill, rest in the discretion of the General Services Administration?

Mr. MANSURE. Only to the degree that we would do the planning and make the proposals. But the discretion would rest with the committees of Congress. Would you explain how it is handled by both the Speaker and the President of the Senate, Mr. Elliott?

Mr. ELLIOTT. Yes, sir. As to this first subject, the Administrator has to make a determination that the space is needed for the permanent activities of the Government.

Secondly, under section 101 (e), which appears on page 4 of the bill, there is a provision prohibiting the execution of any purchase contract agreement calling for the expenditure of more than \$50,000 in any year unless it shall first have been submitted 30 days in advance to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to the committees.

The reason it says "appropriate reference to committees," is because there might be several committees interested, depending upon the prospective use of the particular property.

For instance, let us suppose we had a lease-purchase building that was going to house, wholly or largely, parts of the Department of Defense. Quite likely, and I am guessing now, the Speaker and the President would want to refer it both to this committee and to the Armed Services Committee.

Senator KUCHEL. What would be the duty or responsibility of the committees to which the notices had been referred?

Mr. ELLIOTT. I would say this, and I am basing my answer on the present practice under a section of our act which says that in negotiated sales of real estate, we must make submissions to committees. The present practice in those circumstances is this, we make the submission 30 days in advance. The committee staff and the committee chairman consider it. They also always refer it to the Senators from the State or the Congressmen from the district in which they proposed transaction is to take place. If they have any objections to it, or wish to modify any provision of the proposed transactions they notify us before the 30 days are up and ask us either to hold it up or say they think it is bad and we should not do it. If we haven't heard from them within 30 days, we proceed.

Senator KUCHEL. On this one point you raised, if the appropriate committee of the Senate, let us assume, objected to plan X and so advised you, what then would be your rights and responsibilities under the law?

Mr. ELLIOTT. Well, the Administrator would have the technical, legal right to proceed to execute the contract notwithstanding, but I think you will agree that he would be a highly reckless administrator who would not last very long if he proceeded to execute such an agreement against the advice of the sponsoring committee.

Senator KUCHEL. Again on that one point, would you have any objection to the committee considering in this bill a provision, that is

a prerequisite to the approval of such plans as were referred to it, the committee would have voluntarily and affirmatively approved and, contrarilywise, if it affirmatively disapproved the plan, the project no longer would be proceeded with. Do you have any objection to that?

Mr. ELLIOTT. Yes, I would. We took that question up last spring with the Department of Justice and I am advised and authorized to say that the Attorney General feels that that would be an unconstitutional takeover by the legislative branch of an executive function and he would recommend a veto of a bill which required an affirmative approval.

Senator STENNIS. There are certainly a lot of unconstitutional acts being done around here all the time because on the real-estate purchases by all the armed services after the bill is authorized and the money is appropriated. It still has to come back, under the present law, to the Appropriations Committee project by project, and to the Armed Services Committee project by project. Unless those committees approve the project, that stops it. That is the affirmative law written into the public-works bill.

Senator KUCHEL. That is the wording of the present statute.

Senator STENNIS. Yes, and that has been the practice ever since I have been on the Armed Services Committee, to follow that course of action.

Mr. ELLIOTT. I believe the language in the military-construction bill is that the Department of Defense shall "come into agreement" with the committees, and that has been construed to mean, not as requiring an affirmative approval as a matter of law, but as requiring a submission to the committee for their consideration.

As a practical matter, you are absolutely right; if the committee says "No," nobody goes ahead with it.

Senator KUCHEL. On that point, if the language is "shall come into agreement with," if there were a failure to come into agreement with, then what would the right of the Defense Establishment be?

Mr. ELLIOTT. I would prefer that they answer that question, but it is my understanding that their feeling is, and the Department of Justice feeling is, that it does not, as a matter of law, require absolute approval.

Mr. MANSURE. I might answer that question from a practical operating standpoint, because in the first place the General Services Administration is a service organization. We are an administrative organization. We have to live with the various committees of Congress because, after all, we, to a degree, are their representatives in these various operations in the executive branch of the Government.

Now, for us not to follow the advice or the direction of any committee of Congress would be most ridiculous, I mean from an operating standpoint.

But secondly, all these negotiations that we enter into are on the basis of moneys that are made available to us for the payment of rent. We are not obligating ourselves beyond what appropriations we have because any of these payments have to come out of our rent moneys, and we are paying for a building actually out of rent that we would be paying for the use of that space. So, there is a very definite limitation on our authority by virtue of the moneys that are appropriated to us to use in the payment of rent.

Senator KUCHEL. On that point, Mr. Mansure, let me ask this question: I assume that a lease-purchase agreement by which the Federal Government would acquire title after a given number of years, the monthly payments by the Government would be somewhat larger than were they merely rent. In other words, the larger payments would be grounded on that part of the monthly payments which would represent the capital investment of the builder's interest on his investment and so forth.

Now, to that extent, would it be fair to say that when a contract would be entered into as a lease-purchase agreement, that there would be a moral obligation on the Congress to continually appropriate, continue appropriating to meet the monthly payments which would be required to be made in future fiscal years?

Mr. MANSURE. I would say "Yes," but there is a moral obligation now for the payment of rent when we enter into a 5-year lease. I would say "Yes."

Senator KUCHEL. Just exactly what types of authority are given?

Turn to the second page of the bill, for example. There, an authority for anyone entering into a purchase contract is given, and then later on in the bill authority is given for an exchange right by which property could be disposed of by an administrator and the moneys from that disposal thereafter used for the acquisition of other real property. Would you discuss just what types of authority are given to the General Services Administration? It isn't the moneys. Would you explain that, Mr. Elliott?

Mr. ELLIOTT. Yes, sir. It is authority and it is at the bottom of page 4 and the top of page 5 of the bill, to have an exchange, but that is an exchange in kind and we are not authorized to take the proceeds of a disposal and then use those proceeds, except in the technical sense. If you will look at lines 6 through 9 on page 5 in that proviso, that if we make an exchange and the property which we are acquiring is valued at more than the property which we are disposing of, we can take the value of the property being disposed of and credit that against the amount that we owe the owners of the new building and then we will pay the balance out of our rent money as we go along.

But there is no revolving fund or anything of that kind that would permit us to take the disposal money and go out and make new deals without reference to the Appropriations Committee.

Senator KUCHEL. Your basic authority would be to enter into purchase contracts not less than 10 nor more than 25 years which would provide that title should rest in the United States at the termination of the contract.

Mr. ELLIOTT. Yes, sir.

Senator KUCHEL. Would you give an example of how that would actually work out, any basic authority?

Mr. MANSURE. Mr. Reynolds is now here, and perhaps he can explain that.

Mr. REYNOLDS. Yes, sir. Was your question directed to the problem of exchange of properties?

Senator KUCHEL. No, sir. First, just an example as to what you would do in a given instance under the terms of section 411 (a). In other words, you want to enter into a lease-purchase contract. What would be the facts that would indicate to you you should enter into such a contract?

Mr. REYNOLDS. I think the basic reasons would flow from inability to get space of the type and character that you are looking for. The concept of this plan arose some 3 or 4 years ago when we were attempting to get someone to build space for us and inasmuch as there is a limitation on the period of rental and an entrepreneur would be required to protect his investment, the rents were very high and they actually refused to construct for us. Fortunately, in the last 2 years we have been able to have about 2 million square feet of warehouse space built subject only to 5-year rentals.

There is an example of where we would have applied this law if we had had it because it would have resulted in an annual cost of about 20 to 25 cents a square foot to the Government, which would have run about \$400,000 or \$500,000 a year.

Now, there is another special type of structure, and authority is sought in title I here to enter into those purchase contracts for large-type buildings and post offices, that have a special purpose only, and again you cannot rent space.

It is clear in the hearings and in the legislation that this bill is not to take the place of any public works bill.

We do not believe that it should do that, although there is some feeling that it will do a public works job in a measure, in case there was a demand that action be taken rather quickly in certain areas.

But it is more for the special-type structures and the type of building that we are unable to rent due to location or design.

Senator KUCHEL. Going back to your warehouse example where the Government, you say, might have saved money, take a specific warehouse in the city which you have been renting. Now, under this bill, it is your statement that the Government might have entered into a lease-purchase contract and purchased that building by making payments over a given number of years.

Mr. REYNOLDS. That is right.

Senator KUCHEL. What is the basis for the saving? Can you indicate why?

Mr. REYNOLDS. Yes, sir. We will say that you are an entrepreneur. You offer your building, a building for the Government, under a 5-year lease. The design of the building is such, and its location is such, that there is a question whether, at the end of the 5-year period, in the event of cancellation by the Government, whether you have a use for the property. Therefore, it is incumbent upon you to reduce the capital investment as much as you can. The difficulty you run into then is that the income tax begins to eat into the picture also. So, you are required, for your own safety, to get the maximum usually permitted under law, which is the 15 percent established by the Economy Act. Under this legislation, that 15 percent would drop down to approximately 9 percent.

Now, more recently, we entered into a 5-year lease for an office building in the Northwest. It is a special-purpose building. There we got an exceptionally good deal of around 8 percent per annum. But an insurance company said that they would refinance that at one-fourth of 1 percent less and give title at the end of 20 years.

Senator KUCHEL. You were not in a position to accept?

Mr. REYNOLDS. No, we were not. The exchange features on this bill are another important factor. I can give you two examples in your own State. One is the hotel at 100 McAllister Avenue in San Fran-

cisco, which was purchased by the Reconstruction Finance Corporation prior to the war for the use of the Internal Revenue Bureau. It is a good location for a hotel, but business was not good in the hotel business in those days. It was purchased as an office building. It does not make a good office building.

We have people who are willing to take that property off our hands and convert it back to a hotel and build an office building designed for our purpose, which would not only serve the community better but would serve us infinitely better from an administrative standpoint.

They have the old mint down in San Francisco in the heart of the city. We operate it as an office building. It is a very poor office building, but still we cannot declare it surplus. Proposals have been made from people in San Francisco to take that in a similar transaction.

We have other properties throughout the United States that are not very useful to the Government, but still, at the same time, there we can use them—but that would be very useful to somebody else.

Mr. MANSURE. The 15 percent that Mr. Reynolds referred to is 15 percent of the value of the property. We are allowed to pay in rent up to 15 percent of the value of the property in any one year.

There is another very important thing, from the operating standpoint, to be considered, and that is the dispersal of Government offices and agencies overall, particularly in a larger city, making it very difficult for citizens to do business with the Government. By legislation of this kind, we could bring those offices together into a functional type of building which would be a service building in the proper location for Government operations.

As you know, in various parts of the country there are local programs which are under way for having so-called municipal and civic and Federal centers. Under the present arrangement, we are at a great disadvantage in joining in any of those projects because of the special use type or other special type of building which we should have for Government use. If it is an office type of building, of course if the Government should go out at the end of 5 years' time, there is the use for that building. When we speak of our warehouses, sometimes, as far as our store operation is concerned, the word is misused. They are not warehouses but are store depots and those buildings are for the special use of supplying various agencies of the Government with their common-use supplies. That is everything from a typewriter ribbon to a scrub bucket.

You can readily see that we have to have a certain location for that building. We have to have a building of a particular type and there is a great risk on the part of anybody constructing that building and renting it to the Government if we do move out at the end of 5 years, or if there is some change and we do not continue, so that he has to get his return on his investment as nearly as possible while he has a firm lease.

By this type of legislation, that would be eliminated because it would be based on purely an investment on the part of the Government over 10, 15, 20, or 25 years, whatever the arrangement would be. Of course, it has been brought out that there is no better financing than Government security. So, therefore, we would be financing by private capital at probably the best possible terms on which any type

of construction of this kind could be erected, without a specific public works appropriation from the Congress.

Senator KUCHEL. Are there any questions, Senator Holland?

Senator HOLLAND. Not at this point.

Senator KUCHEL. Senator Gore?

Senator GORE. Not at this point.

Senator KUCHEL. Would the General Services Administration object to the committee considering the language to which Senator Stennis referred relative to the notifications to the congressional committees and the agreement of the congressional committees?

Mr. ELLIOTT. I would have to take that up with the Budget Bureau and the Department of Justice before I could answer that question. I do know that they did specifically approve the language of the bill as it now stands and they did say that they could not approve the language of the bill requiring affirmative approval.

Senator Gore and Senator Holland will remember that 2 years ago there was a bill for purchase of post offices which was vetoed by the President because it required an approval of the committees.

As to what you might call this intermediate language which appears in the military construction bill, I will be glad, if the committee wishes, to take it up with the Attorney General and find the answer, but that is where the answer would have to come from.

Senator KUCHEL. Perhaps it would be wise if you could furnish the subcommittee with your facts on that.

Senator HOLLAND. I was not here when Senator Stennis made that suggestion. Did he suggest for this operation the same method that is now followed in the Armed Services Committee, notification of that committee and the approval by a subcommittee?

Mr. MANSURE. That is correct.

Mr. ELLIOTT. There may be some question as to whether approval is actually required under that procedure. The language in the military bill says that the secretary of the appropriate military department shall come into agreement with the committee. As a practical matter, of course, under any language nobody is going ahead if the committee tells them not to.

Senator HOLLAND. I think you are making a difference where there is no distinction or a distinction where there is no difference because the wording of this armed services bill is that—

the Secretary of the Army and the others shall come into agreement with the Committee on Armed Services of the Senate and of the House with respect to those real estate actions.

Coming into agreement certainly indicates that prior approval must be given.

Mr. ELLIOTT. There is some background for a contrary construction, Senator Holland. At the time this bill, or a similar bill, was on the floor of the House 2 years ago, Congressman Hardy with, I believe, the approval of Congressman Vinson, who was then chairman of the House Armed Services Committee, on the floor stated that it was not intended to require an affirmative approval as a prerequisite, a legal prerequisite, but merely to have a discussion with the committee. I can get the reference to the debate on the floor and apply the precise language to the committee, if you wish.

Senator HOLLAND. I have quoted from the precise wording of the title on this point and the provision is that the administrative officers shall come into agreement with the Committee on Armed Services. Now, if an agreement between the two does not mean that each of them has not, by the time that agreement is reached, approved the actions to be taken, I wouldn't know the meaning of the words.

Mr. ELLIOTT. All I can say is that is what a member of the Armed Services Committee said at the time on the floor of the House.

Mr. MANSURE. Isn't this really a question for the Department of Justice and the Budget Bureau rather than the General Services Administration. This is something beyond our jurisdiction. I believe that is what we were trying to bring out, not that we are opposed to it, but we cannot accept it.

Senator HOLLAND. I appreciate your difficulty but I don't know that. Having had some part in this in the Armed Services Committee, it has been interpreted as requiring the representative of the Armed Services Committee, because in this transaction which I did know about, the General Services Administration would not move until approval was given.

Mr. ELLIOTT. That was the practice and the practical side to which reference was made. I do not think there has been an opportunity to have a legal opinion because nobody would move anyway.

Senator HOLLAND. Except we do not have to have a legal opinion every time we build a little building or make a change in a building.

Senator GORE. The agency would not move, meaning that the agency would not consummate a contract about which the committee expressed disagreement.

Unless there is a provision for notice, and adequate time for the committee to consider, the contract might very well be consummated before the committee becomes aware of it.

Mr. ELLIOTT. In the House bill before you now, on page 4, lines 11 to 16, it requires 30 days' advance notice on each transaction to be submitted to the President of the Senate and to the Speaker of the House for reference to the appropriate committees.

Senator GORE. But does not contain any provision requiring action by the committee before you act.

Mr. ELLIOTT. That is correct.

Senator HOLLAND. It does not have any such condition as that that is included in the armed services property provision which I have already quoted into the record.

Mr. ELLIOTT. That is correct.

Senator GORE. You say you have had experience with the operation of this title 6. Are you aware of any difficulty that the Department of Defense has encountered in acquiring that which is in the public interest?

Senator HOLLAND. No. The dealings that I have had with them have had to do with the sale, in each instance, of properties that were declared to be surplus; that were part of the military base or an air-base at one time or had been acquired for one purpose and which had been declared surplus property or which there was a chance to sell for purposes that were good for the community, and General Services Administration, in those instances, has not been willing to move at all in matters that I have observed them on without having the matter

in any way submitted to the Armed Services Committee for approval by them. I have understood that that is a condition precedent, in their own opinion, to willingness to act.

Senator CHAVEZ. Did not the Armed Services Committee recently, say 2 weeks ago, pass on the requirements under the authorization for the building of the Spanish bases under the agreement signed last summer, and the Air Corps and the Navy and the rest of them went to the Armed Services Committee to obtain clearance for the money they could expend this year or next year?

Senator HOLLAND. That may be true. I do not have that specific information.

Senator CHAVEZ. What would be wrong with having language which is similar to that contained in the armed services setup?

Mr. ELLIOTT. We are not in a position to answer that question. It is something that would have to be referred to the Budget Bureau and to the Attorney General. I do know that the Attorney General has said that the language now appearing in the bill is agreeable to him, and language specifically requiring approval of the committee would not be agreeable to him. I don't know about this language, but we will certainly try to find out and notify the committee.

Senator HOLLAND. Would you mind answering specifically whether approval of the language similar to section 601 of the bill I have read is desirable?

Mr. ELLIOTT. Yes, I understand that.

Senator CHAVEZ. I believe that the opportunity for Congress to pass favorably on the proposed legislation would have a better chance if you did have language of similar nature.

Mr. MANSURE. Of course it would actually be a sort of a protection to us. We would be a little more sure of our ground in making the decision if we had the approval.

Mr. ELLIOTT. There was some discussion of that question in the House. Some of the gentlemen in the House felt that requiring their affirmative approval tied their hands on subsequent investigations and chastisement of the executive branch for poor transactions.

Senator CHAVEZ. That is the use of chastising them after the thing is done?

Senator HOLLAND. This committee isn't worrying with the question of chastisement. We are trying to work out a working basis under which we will be justified in delegating authority that has not been delegated before in such broad fields. On the basis where the legislative arm of the Government will still be advised, the legislative part, in making the decision though it would be made in a specific instance in a much less official and detailed and lengthy way than would be required if legislation were passed. We do not want to lay a basis for a criticism but have it so well worked out that there will not be a ground for criticism.

Senator GORE. I gather you are not unfavorably impressed with the proposal since you say it would give to you and your agency some safeguard.

Mr. MANSURE. I do not know the views of the Department of Justice and the Bureau of the Budget on this proposal. I would not want to express an opinion or attempt to state their position. It would give us a protection, and also the same thing, 2 heads are better than 1.

Senator HOLLAND. This agency does handle the specific provisions of the armed services disposal machinery and has been following the path of submitting any proposed sales of surplus property coming out of the defense field by submitting the proposed sale to the Armed Services Committee and then working out an agreement with them.

Has there been any handicap upon reasonable action by your agency?

Mr. ELLIOTT. No, sir. I might say that under either language I would not contemplate that the actual practice would be any different.

Senator HOLLAND. Then you haven't found any handicap or any difficulty arising under the operation of this provision in the field of disposal of the property that is surplus to the armed services that would make you reluctant to a similar proposal placed in this bill?

Mr. ELLIOTT. No; not so far as any operational handicap is concerned.

Mr. MANSURE. I would like to say one more word; although this bill is divided into two parts between the General Services Administration and the Post Office, the two agencies are in complete accord with each other, that is from the standpoint of the actual operation and the functioning of this legislation, and I bring that up because our problems are mutual and I wanted you to understand that there is no disagreement between the Post Office and the General Services Administration on this legislation.

Thank you very much for the opportunity to be here and to be heard.

Senator KUCHEL. Thank you very much, Mr. Mansure, and the other gentlemen who accompanied you.

We will now hear from Mr. Kieb, the Assistant Postmaster General.

STATEMENT OF HON. ORMONDE A. KIEB, ASSISTANT POSTMASTER GENERAL, ACCOMPANIED BY ROLLIN BARNARD, DIRECTOR, REAL ESTATE DIVISION; BEN GUILL, ADMINISTRATIVE AID; AND IRVING THOMAS, ADMINISTRATIVE AID

Mr. KIEB. I would like to introduce some gentlemen from the Post Office team to you today. This is the director of our Real Estate Division, Mr. Rollin Barnard.

The next gentleman is my administrative aid, Mr. Irving Thomas, from the State of Washington.

We are pleased this morning to have one of the Postmaster General's administrative aids to be with us, Mr. Ben Guill, from Texas.

Senator KUCHEL. In the interest of time, could you, Mr. Kieb, or one of the representatives of the Post Office Department indicate if there is any different type of authority given to the Post Office under title II than is given to the General Services Administration under title I?

Mr. KIEB. Yes, sir; there are some differences. Title II is divided into two parts and the first section of title II is devoted to lease-purchase legislation, which is one tool, and the second part of title II is an extension of our present leasing authorization which is designed to sharpen our tools in the job ahead of us.

Senator KUCHEL. In the first part, are there any differences in that?

Mr. KIEB. Yes, sir.

Senator KUCHEL. Would you point that out as you make your statement?

Mr. KIEB. Yes, sir. I have a very short statement, merely to summarize our appearance before.

I was privileged to appear before your committee on July 24, 1953, and speak to the provisions of S. 2041 and the related legislation, H. R. 6342. There was placed in the record, on that date, a rather lengthy statement we had prepared, analyzing the proposed legislation, S. 2041. On that occasion, I stated that the Post Office Department favored the bill, subject to a proposed amendment, and I wish to reaffirm today our hopes and desires that your committee will find it proper to take affirmative action on this lease legislation.

The suggested amendments to S. 2041 are found in title II of H. R. 6342, which you now have in your committee. With your permission, I should like, today, to again discuss with you these proposed amendments which related primarily to the Post Office Department. They would provide us with much-needed additional leasing tools and techniques. Lease-purchase, the first half of title II, H. R. 6342, is one such tool. Long-term leases, with renewal options, the second half of title II, H. R. 6342, is another imperatively needed tool.

Under the terms of the language of this title in this bill, we can provide our needed space requirements for growth and expansion as well as modernization for post offices, postal stations, rail and truck terminals, parcel post annexes, garages, airmail stations, et cetera. The provisions of title II permit us to take advantage of the open competitive market in the field of private building construction, control the location which we determine is most suitable for our needs and through space required to the best interests of Government and the taxpayers.

There is no conflict or inconsistency between the provisions of title I and title II of the legislation. To the contrary, they present the complete authority necessary for a well-rounded procurement program. Title I will provide the Administrator of General Services with modern tools, and title II will provide the Postmaster General with modern tools. Both titles will eliminate duplication and conflict in operation and will provide flexibility for cooperation between the two Departments.

We have tried to provide—because we feel them proper and desirable—checks, balances, limitations, and controls so that Congress would know what deals we make under this authority and the General Accounting Office, an arm of Congress, can easily audit our operations.

In respect to the question asked by Senator Stennis regarding the effect of this legislation on the small towns, we feel it will help our legislation in small towns and help this small town. This is no substitute for a Federal public-building program and it will help us to provide modern facilities in those towns. There is adequate mortgage financing on a national basis available to support local enterprises in the building of those buildings and make these leases. We feel this will take advantage of the lowest interest rate of investment money available to us.

I have not prepared an exact relation of the Post Office Department lease-purchase requirement as against the General Services Administration requirement. The history of this legislation is briefly this: There had been a bill in the House Post Office Committee relating to

the Post Office Department and there had been a bill in the House relating to the General Services Administration, similar legislation, and they were worked together and combined so that the Congress could handle the whole problem of these two agencies at one time, and they were put together and separated in the bill because our problems are quite different from the General Services problems.

We are handling some 2,000 negotiations at a time in the post office. We have some 40,000 post offices to take care of, plus the need for some 6,500 other properties. Some of them are special purpose although we are trying to work out standard layouts and standard buildings to eliminate the special purpose buildings as far as possible and get diverse use which again will help us in our rent structure.

Senator KUCHEL. Generally speaking, Mr. Kieb, in sections 201 and 202 (a), which appear on page 8 of this bill, the Postmaster General would have authority to enter into a lease-purchase agreement to run not less than 10 nor more than 25 years.

Mr. KIEB. Yes, you are right.

Senator KUCHEL. With title passing at the expiration of the contract?

Mr. KIEB. That is correct.

Senator KUCHEL. Do you have in subsequent sections the authority for the exchange which the General Services Administration will have?

Mr. KIEB. No, because the Post Office Department holds title to only one piece of property. Ours is a leasing matter. We operate 3,300 Government-owned buildings and the title is vested with the General Services Administration. We plan to cooperate with the General Services Administration wherever that type of real-estate tool can be helpful to us.

Senator KUCHEL. It would give you authority to dispose of post office A and use the proceeds as a base for purchasing a new post office?

Mr. KIEB. Yes. The committee knows there are approximately some 300 sites around the country that the Government owns, and are now municipally tax exempt; that were purchased under an old program for postal use. We are surveying those and where those properties can be used is perhaps the one place that we would be most likely to use a lease-purchase tool by taking that property and entering into a long-term lease with a proponent and then going into a lease-purchase provision or a building that would be designed for our purposes so that at the end of the period, the building which is leased on land which is owned by the Government would all revert to the Government. That probably is the greatest single place that I can think of where we could use the lease-purchase tool most effectively.

Where we are surveying the sites and we find that they no longer fit our pattern of operation and are no longer in the right location for us, we are declaring them surplus so that the General Services Administration can dispose of them. Where those sites are suitable for exchange for a building of the type of property which we can use by working with and cooperating with the General Services Administration, we would work under their authority.

Senator KUCHEL. Is there any restriction on the authority of the Postmaster General in the bill with respect to lease-purchase agreements?

Mr. KIEB. Authority basically by checks and balances and controls. In the first place, this authority runs for a 10-year period after the date of the enactment and it is limited to that.

Secondly, we may make no acquisition prior to the termination of the basic lease term. We feel very definitely that this lease term should be as long as we can get it for rather than short. The longer the term, the lower the rent, and wrapped up in the rent, of course, would be an amortization factor which, over 20 years, would be very little more, if any more, than a depreciation item which most owners charge. So we believe we can negotiate as far as necessary on very little, if any, additional rent if carried over a long enough period of time.

The short-term lease, of course, if we use lease purchase, would have to be the lease at higher rents.

This bill also provides that all of the details and transactions, negotiations that are handled under this legislation, must be specifically reported by the Postmaster General in his annual report.

We know and welcome the audit of the General Accounting Office. We feel that is entirely proper and would seek to keep these details separately handled so that they might readily audit and have complete information with respect to it. This is also subject to an annual review from the Appropriations Committee because we have no special appropriation to do this job.

Senator KUCHEL. What actually would be the rights of the private individual who enters into a lease-purchase contract with you and the Appropriations Committee turned down a request for a continuing appropriation? What are the legal remedies of the private individual who would be dealing with you?

Mr. KIEB. You are an attorney and I am a real-estate man and I don't know enough about law to give you a good answer. It has been my concern, and I have recently asked our solicitor's department to tell me what the circumstances would be because the more people and bidders and proponents you can get in this deal, the better off we are going to be.

Finally, I don't know what it would be but I know that the Post Office Department have been entering into commitments in one fiscal year that actually don't begin to be bid until the next fiscal year or the one after that because while a building is being constructed, we must go through a long process of laying out the land and tying the land in to fit our needs and then putting it out to bid, which takes 3 or 4 months, and then it takes 10 to 14 to 16 months to build, and sometimes it takes 14 to 16 months before you take possession, and it isn't until that time that the obligation goes under the Appropriation Committee purview.

We are setting up, because we want this protection, we are setting up long-range programing and charting so that when we go before the Appropriations Committee in one year, we will be able to show them what our programing is and will be able to support our request for the program. That has not been done very thoroughly in the past. Maybe we are presenting a new viewpoint here and bringing in a new viewpoint, but we are most interested and concerned with it.

Senator KUCHEL. You have no language here with respect to reporting to the Houses of Congress.

Mr. KIEB. No; our report calls for each transaction to be spelled out in the Postmaster General's annual report to the President, which, of course, comes to every Member of both Houses.

The fourth control is that we have no special appropriation for that job. It is all in our rent appropriation.

Senator KUCHEL. Are there any questions, gentlemen, or would you rather have Mr. Kieb discuss title II on long-term leasing? Is that the substance of it?

Mr. KIEB. It is the latter half. Section 203 of the bill deals somewhat with that.

Senator KUCHEL. Where does that start?

Mr. KIEB. It starts at page 10. Briefly, what that does is this: these are a series of tools which we have devised to eliminate the optional speculation which we are currently required to go into in our leasing program where we pick out our location and after that, we have bids on erecting a building of 10,000 or 50,000 or 60,000 square feet. If it is a big organization, quite often there is a leak and the proponents in this type of transaction are aggressive people and they seek to get the information as quickly as they can. Usually there is one site in that circle of potential sites which is of the right size and so forth that we need. Quite often one man will get an option on that site and scurry around and get leases on other sites. Before the impact has hit the market, we have a full-fledged option bidding speculation going on.

We feel that if we could purchase this property, the way many of the major industries do where they are seeking location for chain stores or warehouses or whatever it is, the market is surveyed and the type of investigation is made, the right site and the location of the right size and shape is found. We want the privilege. We are asking here for the right to go in there and control that property through option.

Senator KUCHEL. How does it now differ?

Mr. KIEB. We now have to advertise for the whole thing at once. But if we can control the right site and offer that for resale to a proponent after having designed a building to fit our needs on it, with the right type of facilities, he builds the building and then leases it back to us and we take the best bid under those circumstances, and we are sure we are going to get better facilities and will cut down the process of weeding out the different sized buildings and some that do not fit our needs.

We think we can eliminate the option speculation and we think we can bring the full force of public bidding to the point where we get the lowest possible rental by having all bidders bid on the like project instead of having them bid on different kinds of property and different priced property.

That is essentially what we are asking for in the second half of this section. We want to make our lease periods longer in order to attract to the Government's problem the long-term investment rather than the speculative operational money that is available in the market. We feel that we can make leases that run 20 to 25 years in a base period with five or six 5-year renewals after that. We can break those rents down to the absolute minimum and have a flexibility.

If we have outlived the facility, we can get away from it. We are not stuck with it. There are many advantages to that type of operation.

We have also asked for the privilege of being able to base our basic rent on an average of real-estate tax for perhaps the first 3 years. We want to be able to adjust our rent according to the local taxes on that property. The reason for that is very easy to explain. When a proponent makes a bid to us to construct a building and lease it to us for a 20-year period, he takes care of the maintenance and real-estate taxes. After he has built up a return on his investment and taken care of maintenance, he must now face up into what those real estate taxes will be as a charge against him over the entire period of the lease. He has no choice except to charge us the highest tax that he can anticipate he will pay the municipality. That high tax may not be reached until the 15th or 16th year.

Therefore, we are paying over the first 15 or 16 years of that lease a very heavy item as part of the money to that proponent for tax purposes which he has to charge us.

We are proposing here that we would ask bidders to prepare their rentals competitively on the average of the first 3-year real estate taxes and then we would be able to pay as additional rent or as a credit against the fluctuations in that municipal tax program. We think we can save a great deal of money out of the rental operation with that kind of a tool.

Senator CHAVEZ. What happens in an instance such as you have outlined if a building is constructed on property that the Post Office Department now owns? Do you charge real-estate tax on the building itself?

Mr. KIEB. In the first place, the Post Office Department does not own any property.

Senator CHAVEZ. But suppose they do?

Mr. KIEB. If it was on one of those General Services Administration sites that I mentioned, it would be our suggestion that we would lease that site which is municipally tax free to the proponent at the lowest possible return of perhaps \$1 a year and then we would lease the building with a lease-purchase type of payment. The taxes would only be applicable on the structure of the building.

Senator CHAVEZ. On the building itself?

Mr. KIEB. That is right. That is my opinion and I believe that would hold, Senator.

Senator KUCHEL. Could you indicate what the balance of the provisions of the bill refer to? I take it you have covered section 203. You have several sections there, some of which refer to other statutes.

Mr. KIEB. Section 205 permits us to use our annual rental with which to pay for an option on a property or to purchase it for resale to a proponent when he builds a building on it and leases the whole structure back to us.

Senator GORE. You would really need to employ some very talented real-estate agents for this operation.

Mr. KIEB. I am very happy to tell you I think we have some.

Senator GORE. Not enough.

Mr. KIEB. We have 15 regional realty officers who have been drawn from the real-estate field to supervise this matter which, incidentally,

have been set up to match the Hoover Commission recommendations, so we do have capable men to supervise this.

Although we are handling 2,000 negotiations at a time, these tools would be useful only on major projects. They would not be effective on the run-of-the-mill leases like stores. They would be restricted to the buildings which we use only for ourselves.

Section 206 further explains section 205.

Section 207 requires the Department to get an opinion of the Attorney General as to the validity of the title to any lands so acquired, and of course we would insist upon documentation of our files, of our sites as to valuation.

There is a limitation as to time, and the attorneys have tried to spell it out in full as to the legislation that would be in conflict.

Senator KUCHEL. Title would rest upon the request and opinion rather than waiting for the receipt of the opinion; is that correct?

Mr. KIEB. That is in the nature of a title search to be certain that we are not buying something with a cloud on the title.

Senator CHAVEZ. Of course, you would do that as a real-estate man. You would examine that title before any action was taken for the purchase.

Mr. KIEB. Definitely. We can enter into a lease-purchase agreement without a search of the title. However, we cannot go into the final purchase phase without having done it.

Senator KUCHEL. Are there any questions, gentlemen?

Senator HOLLAND. I have a few, Mr. Chairman.

On these sites that were acquired on the site acquisition program, approved by the Congress several years ago, sites for the construction of the property, how many are there?

Mr. KIEB. I understand there are approximately 300 such sites in the Government legislation purchased for post-office buildings.

Senator HOLLAND. This bill would permit you to sell each or any of those sites to a person who was prepared to enter into a satisfactory contract to erect a building and to lease it back to you on the lease-purchase basis; is that correct?

Mr. KIEB. No, sir; we now have that authority. It is vested in the General Services Administration. We have authority to do that. This bill would permit us to go into lease-purchase contracts on the buildings erected on those properties.

Senator HOLLAND. In other words, this bill would apply not just to the three-hundred-odd sites but to all of the sites on which the post offices now stand in which the title is held by the Government?

Mr. KIEB. That is right, provided we are the sole user of that property.

Senator HOLLAND. How many such sites are there?

Mr. KIEB. I believe there are approximately 300.

Senator HOLLAND. No, no; how many are in the latter group, of post offices which belong to the Government now?

Mr. KIEB. We operate just over 3,300 Government-owned properties now.

Senator HOLLAND. This provision that you ask for in this bill would allow you, in each of those 3,300, to operate by a sale or a lease-purchase program for the construction of a new building.

Mr. KIEB. No, sir; I do not believe so. It is not the intent that we would want that authority.

Senator HOLLAND. Let us look at subsection (b), which is on page 9 of the bill, which authorizes the Postmaster General to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements.

Doesn't that apply?

Mr. KIEB. That section was designed to meet this problem. I am going to ask the attorneys to tell me how much further it goes, because I don't know. We have a number of buildings around the country among these 3,300 where their space is very inefficient and not particularly good for our needs. We do a material handling job as against an office building type use.

There are many platforms around the country to which we cannot get modern trucks, we can't get those trucks to the platforms because they are not of the right height in many instances. There are many canopies that have gaps. There are many where we do not have enough room to do our expanded mail-handling operations.

There are many of them in which we need to put conveyors and chutes for our operations. We have no authority at the present time to go into any of those operations, nor the money.

This section was designed so that we might enter into long-term lease-purchase of extra buildings, additions that might be made and to be built on such properties.

Senator HOLLAND. It seems to me that subsection (b) on page 9 does give the authority to the Postmaster General in a very full way with reference to all existing properties now used as post offices and belonging to the Government, and it seems to me that subsection (c), which follows, spells that out with considerable definiteness and it seems to me that if you turn to page 11, you will find more spelling out of that. Actually, it starts with section 203 on page 10 and then goes ahead to say that for the purposes of paragraph 1 of that section, which is actually paragraph 1 of section 203, that the Postmaster General is authorized, and I am now referring to page 11:

(A) Acquire by purchase, condemnation, lease, donation, or otherwise, and on such terms as he shall deem appropriate to the best interest of the United States, real property and interests therein, for use for postal purposes; and

(B) Dispose of real property, and interests therein acquired for use or used for postal purposes by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States.

It looks to me like he is given authority to do everything but sell the post-office building here in the District of Columbia, to sell it, to lease it, to enter into contracts for repurchase, to enter into contracts for construction and leasing, making of contracts for repurchases of buildings of most any type that he prescribes. There is no limitation of amount. I don't find any limitation.

Mr. KIEB. There is a limitation.

Senator HOLLAND. I could not find it.

Mr. KIEB. There is a limitation in the bill which confines this operation to buildings solely for postal purposes, in the 3,300 Government-owned buildings in which we operate 95 percent to 98 percent of them; they are occupied by other branches of the Government such as the customs office and the offices which we are required to supply space for.

Senator HOLLAND. I would want you to reexamine that statement because my observation has been that the large percentage of the Government-owned post offices are not joint-use buildings but are single-use buildings, particularly in the small towns. The post office is used solely by the Post Office Department.

Mr. KIEB. Respectfully, sir, I would be pleased to submit to you a list, and I may have gone a little high on that 95 percent. Are you thinking of leased buildings?

Senator HOLLAND. I am thinking about the buildings which the Post Office Department has built in the past and which now belong to the Government and are used for post offices. They are generally single-use buildings, used only by the Post Office Department.

Mr. KIEB. But in most instances, unless my information has been unsound and we would be pleased to submit a list of such things because we handle the assignment of space in them.

(The information requested is as follows:)

POST OFFICE DEPARTMENT,
ASSISTANT POSTMASTER GENERAL,
BUREAU OF FACILITIES,
Washington, D. C., February 9, 1954.

Hon. EDWARD MARTIN,
Chairman, Senate Public Works Committee,

Washington, D. C.

DEAR SENATOR MARTIN: Upon the occasion of the public hearings on H. R. 6342 held by your Public Buildings Subcommittee on January 21, 1954, it was requested that I submit for the record a numerical breakdown of the Government-owned-post office buildings by occupancy. Herewith is the requested information. There are 3,173 Government-owned post office buildings under the administration of the Post Office Department for maintenance and operation, which are divided as follows with respect to occupancy:

Number of buildings occupied exclusively for post office purposes, 1,422.

Number of buildings occupied by the post office and other Federal agencies, 1,751.

There are also 93 Government-owned post office buildings occupied by the Post Office Department but in which other Federal agencies have predominant occupancy, which are under the administration of the Public Buildings Service, General Services Administration, for maintenance and operation.

If I may be of any further service to you in this or any other matter, please do not hesitate to call upon me.

Cordially yours,

ORMONDE A. KIEB,
Assistant Postmaster General.

Senator HOLLAND. We would like to have that information, but my observation is that the joint-use buildings are generally in the large cities or ports or things of that kind, or they are places where the Federal courts are also lodged, but that the single-use buildings greatly outnumbered the joint-use buildings and they are found in the small towns, in the county seats throughout the Nation, and I think you will find that by all means the greater number of them are single-use structures.

Do I understand that so far as the value of any single construction is concerned, there is no limitation imposed by this bill?

Mr. KIEB. That is correct, except the appropriations that we have.

Senator HOLLAND. But suppose that on a piece of property now belonging to the Government and used for post-office purposes, you could negotiate an arrangement with a private agency to take title to build an imposing structure and have it leased back to you on a lease-purchase arrangement extending as long as 25 years. The only

limit that you are forced to recognize is the amount of your lease appropriation, your rent appropriation?

Mr. KIEB. It could not, in the first place, because the title is not vested in those buildings in the Postmaster General.

Senator HOLLAND. This says, in section 203 (a), on page 10 at line 15:

Notwithstanding any other provision of law, the Postmaster General is authorized to—

do these things. Maybe the rather short analysis which I have been able to make of it leads me to an inaccurate conclusion. It looks to me as if this turns over the post-office realty, the right to convey it and the right to enter into contracts concerning it in rather a general way to the Postmaster General, and from that time forth the Congress has very little to do with it, provided the ingenuity of the Postmaster General and his able real-estate assistants is such that you can find private capital to build imposing structures which you can afford to rent under this 25-year lease-purchase arrangement.

Mr. KIEB. The Public Works Committee of the House very carefully and very thoroughly raised the question which you have raised and the bill that has been written is the result of having those questions examined carefully in the House.

Senator HOLLAND. If you satisfied them, now you have another task, and that is to satisfy the Public Works Committee of the Senate, and so far you have not been able to satisfy this single member, and I am rather alarmed by several provisions in here; first, a provision that seems to call off all preexisting conditions of law when we get to dealing with post-office property, and turn over to the Postmaster General the right to deed it, the right to encumber it, the right to negotiate a lease-purchase arrangement for building structures without any limitation on the value of that structure. About the the only limitation in there is the 25-year maximum time arrangement, and it gives him the right to sell and gives him the right to exchange. It gives him about every other right that I can think of without any limitation of amount of all, and without any requirement to report except that, with each annual report, you are to tell us what you have done and not what you propose to do.

It looks to me like this is about the most sweeping piece of legislation I have ever seen. I don't remember in the New Deal times any such measure coming in here proposing to give to a public agency powers which are so sweeping as this would appear to give.

Mr. KIEB. This act vests in the Postmaster General title only to that property which has been acquired for the purpose of this legislation and does not vest title in properties which are now Government-owned and now in the General Services Administration.

Senator GORE. I believe you said you were not a lawyer.

Mr. KIEB. That is right, and I am making that statement on the basis of past discussions of the bill.

Senator KUCHEL. Is it your position that the sweeping powers which Senator Holland suggests you have are limited by the phrase "for postal interest"? Other than that, would you not agree that he is correct in describing the powers which you would have under the bill?

Mr. KIEB. I cannot agree with the Senator because this legislation was designed only to permit the Postmaster General to take title only

to those properties which were purchased for the purpose of resale and after leases with lease-purchase agreements in them. It is definitely limited to those properties, and I cannot agree with the Senator.

I will agree with the Senator to the point that these authorizations asked for are probably wider than have been shown by the Post Office Department in prior years, and I can explain that to him because I have been dealing in this type of property for a number of years and this type of transaction, and I am anxious that the Government might be able to use the same tools that private industry can use.

Senator HOLLAND. I will ask the secretary to refer to section 205 on page 12, which appears, and I believe you stated it, that there was not any revolving fund set up. This looks like a superrevolving fund when it says:

Amounts received by the Government from sales, leases, or other disposals of property acquired in the performance by the Postmaster General of the functions vested in him by this title shall be credited to the current applicable appropriation of the Post Office Department and shall be available for expenditure for the purposes of this title.

Doesn't that mean that if you have a post office property out here which you want to convert to a much more satisfactory building and to sell that property to a private agency, with the understanding that you, at the same time, get a lease-purchase arrangement under which they are to go in and construct a more adequate building and lease it back to you for 25 years, and with the understanding that you get the title back at the end of that time, that the money that you get from the sale now goes into your current appropriation, not to be reappropriated by Congress, but for the purpose of use for paying for rents for post offices?

Mr. KIEB. No, it does not mean that, Senator.

Senator HOLLAND. What does it mean?

Mr. KIEB. It means that money used from the current fiscal year appropriation to acquire control of site in which we need a building and a facility can, when sold to a proponent who will build that building on it and lease it all back to us, be returned to that same fiscal year rent appropriation.

Otherwise, it goes into general revenues and is not available to us for the purposes for which it is intended and does not go back to the account that we have used it for. It cannot go into the next fiscal year, and it retires.

Senator HOLLAND. Suppose we have a post office building in a little county seat town of 10,000 people, and the building is worth \$125,000 or thereabouts, and the building is not adequate to transact the business that that post office has because it has now grown and you decide that you want to sell that site and that building to an agency which will build there a structure that is much more adequate and lease it back to you on a lease-purchase arrangement so that 25 years from now you shall own it. Certainly you have the power to do that under this bill, don't you?

Mr. KIEB. No.

Senator HOLLAND. Why not?

Mr. KIEB. Because we cannot sell that property. The title is not vested in the Postmaster General but in the General Services Administration.

Senator HOLLAND. You said in section 203, at the very beginning:

Notwithstanding any other provision of law, the Postmaster General is authorized to—

Then on page 11, under paragraph 2 (B):

Dispose of real property, and interests therein, acquired for use or used for postal purposes, by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States.

Mr. KIEB. Acquired by him for use.

Senator HOLLAND. It doesn't say acquired by him.

Mr. KIEB. It does in the first section.

Senator HOLLAND. I am not trying to be captious, but it seems to me that your powers are so broad and general that you could do the exact thing I have described and then, down there under section 205, put the money which you receive from the building into the current appropriation for post-office rentals. I cannot see any way that you would get to any other conclusion and the money, in other words, would be handled there in a regular post-office account without any further submission to Congress, and that appears to me as one of the things you could do.

Mr. KIEB. I do not agree with you that this gives us the authority to do it. It will recognize the fact that you may know more about law than I do. It is not our intent to do that. We want to limit these powers to the lands for that purpose, and I would welcome such a restriction if it is not already in here.

Senator HOLLAND. You will notice that this subsection 2, at the top of page 11, says:

For the purpose of * * * (1) of this section, and without regard to the Federal Property and Administrative Services Act of 1949 * * * as amended * * *

(B) Dispose of real property, and interests therein, acquired for use or used for postal purposes by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States.

That doesn't seem to be limited at all as to the purchases for postal purposes under this particular act but, instead, to property used and purchased for postal purposes. It seems to me that while it may be a very efficient way of handling the post-office business, it is certainly a departure from anything you have ever asked for before.

Mr. KIEB. I think it probably is. I will agree that it is a departure, but I will not agree that that limitation is not in there.

Senator HOLLAND. If you can point out where the limitation is in there, I will be glad to see it.

Mr. KIEB. Unfortunately, I do not have my Solicitor with me this morning.

Senator KUCHEL. Would you supply that?

Mr. KIEB. I will provide a written report on that.

(The information requested is as follows:)

The Solicitor of the Post Office Department is of the opinion that the matter can be adequately covered by an amendment as follows: On line 17, page 11, change the period to a colon and add the following:

"Provided, That the Postmaster General shall not, for the purposes of this section, dispose of any Government-owned property, or interests therein, which has been acquired pursuant to law, prior to the enactment of this Act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes."

Senator STENNIS. What is the question up now?

Senator HOLLAND. The only limit of time is a 25-year period which may specifically apply not just to new buildings and new sites and to a great many new sites already standing and ready and others to be secured under existing legislation, but applies in such a way as to permit the sale of existing property, post-office property, to a private agency to build a building on it and then to lease it under a lease-purchase arrangement.

There is no limit to the amount of the time except the 25 years and appears to be no limit as to the property to be sold. It appears to apply to property, not only that which is acquired under this act, but all other property acquired and being used for post-office purposes. It seems to me to be a very plenary abdication of any future post-office construction, providing somebody can be found who will build a building and lease it back. Maybe it is not that way, but we would like to have some light on it; at least, I would like to have some light on it because I am very much of the opinion that this bill as drawn goes just as far as you have stated.

Mr. KIEB. I do not want to have to operate under such a wide power to begin with.

Senator KUCHEL. If you will supply whatever you have on that, I must say that I agree with the Senator from Florida.

Senator STENNIS. Disposing of existing post offices?

Senator GORE. Yes, exchange, sell, swap.

Senator KUCHEL. You heard the questions raised earlier on title I as to the advisability of receiving agreement or approval by the appropriate congressional committees prior to the Department proceeding in any given instance. Does the Department have any views on that suggested restriction?

Mr. KIEB. There are three objections that we think occur to us that are persuasive. One is the history of the bill that went through Congress in the last session that had such provisions in it and was vetoed.

It gives us a very cumbersome and difficult procedure of operation, in the real estate field where timing and negotiations are so vitally important in order to get the best deal for the Government in the best interests of the Government. It is difficult to get owners to give us options and put them on the shelf for 5 or 6 months until we can go through a cumbersome, mechanical procedure, and it would be more difficult to get people to go into a lease-purchase negotiation where they have to get the mortgage commitments in large sums of money where we have to tie up options for a long period of time, and where they have to invest substantial sums of money in engineering and architectural fees, and gamble on the stability of the market as against the placement of the order. If they had to hold such transactions in abeyance for a great period of time, it would make the tools practically useless from a practical operating viewpoint.

Senator HOLLAND. I think I can agree with that statement because I would hate to have Congress saddled with the responsibility of approving every little site purchased. I do not think there is any congressional unwillingness to leaving the administrative agency to function and report. That is what we have been doing, but when you come to the construction and opening the door wide, at least as I see it, with the right of sale, exchange, construct anything that the traffic

will bear, and all without rereference to Congress, that is what I am disturbed about. It is not on the question of having to run to Congress every time you want to buy a site for a post office, every time you find it costing you too much to lease. We haven't required that previously. It is simply that Congress wants to be informed.

Senator KUCHEL. Your position is that the restriction in the present statute should be confined to construction by the Post Office Department.

Senator HOLLAND. I am inclined to feel that way now and I am not talking about the bigger General Services Administration owned buildings, but post office buildings.

Senator KUCHEL. Senator Holland's question went to section 203. His objections were to the broad scope of the powers in section 203.

Now, it is your original statement that section 202 dealt with lease-purchase, and that section 203 dealt with an extension of your rights in leasing. If that is true, then there is language in section 203, the enlarged leasing authority, which you do not need and I take it if you are talking about it only about leasing.

Senator HOLLAND. I also mentioned subsections (b) and (c) in section 202. That was with reference to granting too much power, in my construction of it, and then went along with the provisions you have recited in section 203, and then along further to section 205, because it seems to me that the things sort of work together.

But I mentioned first in section 202, subsections (b) and (c), because you see, subsection (b) provides that the Postmaster General is authorized to exercise the powers granted in this section with respect to existing properties.

Senator KUCHEL. Yes.

Senator HOLLAND. And subsection (c) allows him to enter into agreements, with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section, including the demolition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable lease-purchase agreement.

Senator KUCHEL. Yes.

Senator HOLLAND. And then section 203 seemed to spell out additional machinery applicable not only to section 202 but to his present lease program.

Senator KUCHEL. Your thinking is that the merit of any restrictive language similar to the Defense Establishment should run to the lease-purchase parts of this bill and not to the enlarged leasing part.

Senator HOLLAND. Not to the acquisition of the site selected or things of that kind, but to the heavy construction program which is what disturbs me. It is a construction program almost free from congressional supervision. The only thing that would be required is that once a year we would get the information as to what had been done. Meantime, here are properties and lease arrangements of \$400,000 or \$500,000 buildings to be built and for lease purposes, contracts for 25-year operations are made. We would learn about it long after it was done, and that I object to, very strongly.

Mr. KIEB. May I go off the record, Mr. Chairman.

Senator KUCHEL. Off the record.

(Discussion off the record.)

Senator KUCHEL. On the record.

Are there any more questions, gentlemen?

Thank you, Mr. Kieb.

We have 2 more witnesses who will not be very long, Senator Holland. First, I will call Mr. Randy H. Hamilton, director of the Washington office of the American Municipal Association.

STATEMENT OF RANDY H. HAMILTON, DIRECTOR OF WASHINGTON OFFICE, AMERICAN MUNICIPAL ASSOCIATION

Mr. HAMILTON. I am Randy H. Hamilton, director of the Washington office of the American Municipal Association.

We presented, in July, rather lengthy objections to the bill.

Senator KUCHEL. Yes, we have that in the record.

Mr. HAMILTON. I will condense my written testimony in addition to speaking to some of the points made this morning.

In answer to a question propounded by both Senators Gore and Kuchel, Mr. Elliott of the General Services Administration stated that 30 days' advance notice of each transaction is required to be submitted to the Congress. I do not find that in the bill.

Senator KUCHEL. It is in the bill with respect to the General Services Administration.

Mr. HAMILTON. Only with respect to agreements on expenditures of \$50,000 a year or more.

Senator KUCHEL. That is right.

Mr. HAMILTON. So that if each agency makes 20 agreements for \$45,000 a year, that is \$900,000 running over 25 years, the Administrator can commit the Government to \$73 million under those conditions without notifying anybody. That could work out to be as much as \$1,250,000 on any one building.

Senator HOLLAND. I do not think you are right about that because the law specifically requires, and is repeated here, that so far as the post-office construction is concerned, it must be included within the annual report so that Congress would be advised of it.

Mr. HAMILTON. Yes, but not in section 1.

Senator HOLLAND. Yes, but it would be advised the same way as before.

Mr. HAMILTON. I was referring to title I, which was the question raised.

We would support the suggestion that bears committee approval similar to the Armed Services Committee approval which is required. We do not think that Congress should abrogate that.

I was disturbed to hear Mr. Kieb state that the Post Office Department proposes to take a piece of land owned by the Federal Government and tax-free lease it to an individual and continue the tax-free status of that land and allow a private individual to make money at the expense of the municipality on the Federal Government's tax-free land. That was rather distressing to us and it was not anticipated at the time we made up the testimony. Of course we would object to such a situation.

Skippping the testimony which I have prepared which, if I may summarize briefly, it points out the history of the subject of pay

in lieu of taxes, and the situation in which municipalities find themselves today because of the tremendous amounts of tax-free land which are within the borders of our cities.

We suggest the time to start attacking the tax-free properties is now and to consider it in relation to each problem when the Department comes to consider the overall problem, the situation would be somewhat easier rather than harder. That, in brief, is a summarization of the points we make with respect to the philosophy of the bill.

With respect to our specific amendments, if the committee sees fit to report the bill out favorably and thus establish a new Federal policy which is broad in scope and if, as I said, the committee sees fit to report the bill out favorably, we suggest several amendments.

The first amendment I understand will not be opposed by the agency sponsoring this legislation. As the bill now stands, title to the buildings may pass at or before the expiration of the term. The Government may agree to lease it for 25 years and the agency may be struck by lightning and be able to pay off the contract in a period of 17 years, tax free.

I understand that the agency would not object to an amendment which is on page 2, line 20, title I (sec. 411 (a)), remove the period after the word "contract" and title II, page 8, line 18 (sec. 202 (a)), after the word "agreements" substitute a comma and add the following words:

Provided, That it is the intent of this legislation to assure the payment of taxes to local governments normally payable on such properties throughout the period of the original lease-purchase contract, regardless of whether or not the Federal Government acquires title to such properties prior to the expiration of the lease terms.

Senator KUCHEL. You have got the Federal Government owning land and having it improved. Thus, what you suggest in that amendment is that the Federal Government make the payments to local government direct because the improvement which the private party makes on that land, he has no title to himself.

Mr. HAMILTON. That is right.

Senator KUCHEL. That, basically, would be the policy matter in considering any such amendment.

Senator HOLLAND. Certainly it is a troublesome point and I don't know enough about how they propose to operate to be sure as to whether the point is well made or not. If they propose to sell what is now Government land to a private interest and then let that private interest resell it under a lease-purchase arrangement, then I think that the provision for the payment of taxes up to the time that the repurchase is completed would be clearly understandable, but if it proposed through some device to enable the repurchase operation to exist on what is already Government land without the Government selling that land, and I don't know how that would be arranged, certainly you would have a troublesome point there. The tax-exempt status is already taxed.

Senator STENNIS. Can you tax the building without taxing the land?

Senator HOLLAND. Perhaps you can.

Mr. HAMILTON. That is behind our thought.

Senator KUCHEL. You meet head on, even in your example, to the extent that the Government owns a beneficial interest in the building, you meet the problem of Government participation in ad valorem tax cases.

Senator HOLLAND. It is a troublesome question and I think he is trying to eliminate it by providing that, however the machinery may be devised for the construction of the new facility, that taxes shall be paid up to the time that the lease-purchase contract has run its course and the title fully vested back in the Government. That is what you mean?

Mr. HAMILTON. Its original cost.

Senator STENNIS. The same question would come up with respect to taxation in the State.

Mr. HAMILTON. The second amendment is one designed to limit the operation to new construction. We had the same fears.

Section 411, subparagraph (b), as well as a similar section in title II, will apply this new policy to buildings which are already in use which are standing and upon which taxes are being paid to local government. We can see no valid reason for the Federal Government at this time adopting a new policy which would apply to these buildings and which would provide a tool whereby they can be more easily removed from the local tax rolls. Such a device is clearly indefensible in our opinion and particularly at this time when the administration is embarking upon a dual program for, in the first place, minimizing the operations of the Federal Government and returning to local governments the revenue, as well as the responsibility which we will assume if given the opportunity.

It would be exceedingly embarrassing to the administration to propose that local government assume more responsibility and use of its revenue sources on the one hand and to take away property now paying taxes with the other hand, to take away the basic tax resource which is, of course, the land or a building, which is, of course, the lifeblood of our municipal government. Seventy percent comes from ad valorem taxes. We suggest that this would be Indian giving, to say the least.

The third amendment which we offer is one designed to insure the payment of taxes, or payments in lieu of taxes, on property acquired under this new legislation. I realize that this is a very difficult problem for the Congress and that the Congress had sidestepped it many times.

My more fully prepared brief goes back to the history of this since 1939, when Congress after Congress and commission after commission, and congressional committee after congressional committee said eventually we have got to face this problem, and I suggest now is the time to face it as you consider each piece of legislation.

We propose that a new section be added to title I of the bill and to title II of the bill, which reads:

Consent is hereby granted to the head of any Federal department, bureau, agency, or independent office to negotiate for administrative payments to State and local governments on property, the title to which property rests in the United States pursuant to this title: It is the intent of such negotiations to insure that the Federal Government will make administrative payments in lieu of taxes to the same extent and in the same amount as if the property were taxed according to its value and as if it were privately owned. Any such payments shall be based upon an assessed valuation which does not represent a larger percentage of true valuation than is used by assessing authorities in valuing property for tax purposes within the taxing jurisdiction.

Please note that our suggested amendment is merely permissive legislation and not mandatory. It is offered, however, with the understanding that the negotiations authorized are to be purposeful, of reasonable duration, and undertaken with the intent of arriving at fair and equitable administrative payments to State and local government in lieu of taxes. Arbitrary and capricious negotiations on the part of Federal agency heads are not contemplated by this suggested amendment and, indeed, would be contrary to the intent of it.

I shall be happy to try to answer any questions you may have.

Senator STENNIS. Our State law provides that taxation shall be uniform but it shall be assessed and the rate shall be equitable on all property. If you are going to call it taxes, you cannot negotiate for taxes under our law.

Mr. HAMILTON. We call them administrative payments in lieu of taxes. If a building demands extra policy service, that is another thing. For instance, if a municipality has no tall buildings and a new tall building is constructed under this title, and the National Board of Fire Underwriters would say: "Gentlemen, you have gotten along without an aerial ladder in your fire department all these years because you had no tall buildings. Now, you have a tall building and you need an aerial ladder."

That costs the municipality \$26,000.

We do not see why the Federal Government should ask the municipality to subsidize its operation. Federal operations are national in character. They are not performed for the benefit of the individual localities and, consequently, we think that the Federal operation should be borne by the national taxpaying base and not subsidized by the particular locality in which the particular operation comes to rest.

Senator KUCHEL. Thank you, Mr. Hamilton.

Mr. HAMILTON. May I add to the record a newspaper article from the Washington Post, which is headed: "Slashes in United States Leased Space Save \$8 Million Rent Yearly"?

There is a quotation from Mr. Mansure, who announced that the Federal Government has been able to release 1 square foot of leased space for every 8 feet occupied last January 1.

He stated that the saving in cost of leased space, about 75 percent of which was already in effect November 1 and the remainder to be effective by December 31, reflects a reduction of about 12½ percent, or 5¼ million square feet, from the January 1, 1953, total of 41½ million square feet of leased property.

I ask that this newspaper clipping be made a part of the record.

Senator KUCHEL. It will be made a part of the record.

(Newspaper article referred to is as follows:)

SLASHES IN UNITED STATES LEASED SPACE SAVE \$8 MILLION RENT YEARLY

Uncle Sam's rent bill is going down by \$8 million annually under a cutback which already has released 1 square foot of leased space for every 8 feet occupied last January 1, the Government reported yesterday.

Edmund F. Mansure, General Services Administrator, or "housekeeper" for the sprawling Federal bureaucracy, made the announcement, and said it's just beginning.

Old-line bureaucrats take his word for it, too, for he's the man who announced September 27 that some of them were going to stop, right then, spending 38 cents for a box of paper clips obtainable for 3 cents.

The saving in cost of leased space, about 75 percent of which was already in effect November 1 and the remainder to be effective by December 31, reflects a reduction of about 12½ percent, or 5¼ million square feet, from the January 1, 1953, total of 41½ million square feet of leased property.

Termination of some of the emergency economic control agencies born of the Korean war accounted for some of the reduction.

Mansure is the "new broom" executive who ordered a cutdown in paperwork September 13 to save \$11½ million a year by eliminating, as private business did years ago, multitudinous voucher forms for \$5 and \$10 purchases which resulted in the Government paying more to process a payment check than the value of the purchase.

Mansure is following in his own way some of the recommendations of the original Hoover Commission. His predecessor, Democrat Jess Larson, the first General Services Administrator, already had put some reforms into effect.

(Larson, among other things, stopped Government executives from buying \$40 wastebaskets with the taxpayers' money; \$4 and \$5 ones have proved just as good and already have outlived some of their former bosses.)

Senator KUCHEL. Thank you, Mr. Hamilton.

UNITED STATES SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
January 25, 1954.

MR. ELLSWORTH BASSETT,
Clerk, Senate Public Works Committee,
Senate Office Building, Washington, D. C.

DEAR MR. BASSETT: I have received today the attached letter from Randy Haskell Hamilton, requesting its insertion in the testimony given on the lease-purchase bill.

It is my impression that the reference of Mr. Hamilton in his letter involves the use of lease-purchase procedures in connection with transmission or generating facilities of REA cooperatives. The pertinent sentence on page 5 of House Report No. 947 is as follows:

"None of the funds allowed are to be used for the purpose of implementing existing contracts with REA cooperatives which provide for the lease-purchase of transmission or generating facilities."

Will you kindly have arrangements made to have this inserted in the record of the hearings?

Sincerely yours,

THOMAS H. KUCHEL.

AMERICAN MUNICIPAL ASSOCIATION,
Washington, D. C., January 22, 1954.

Hon. THOMAS H. KUCHEL,
Senate Office Building, Washington, D. C.

(Attention: Mr. Howard Schmidt.)

DEAR SENATOR KUCHEL: Since testifying before your subcommittee yesterday on the so-called lease-purchase legislation, two additional facts have been brought to my attention which merit consideration. I refer to President Eisenhower's budget message in which he stated: "This budget marks the beginning of a movement to shift to State and local government and private enterprise Federal activities which can be more appropriately and more efficiently carried on in that way." It is apparent that it is the President's intention to encourage private enterprise wherever possible and likewise to return to local government responsibility for the performance of additional governmental services. Local government cannot perform these services if the Federal Government continues to adopt policies which will erode its tax resources, notably the real-estate tax base. Consequently, the lease-purchase bills run directly counter to the administration's avowed purpose.

I have also been informed that the 83d Congress, 1st session, refused to allow the use of lease purchase by certain governmental agencies. This is an important precedent which was established last year and which I regret to say was not brought out in the testimony of the Federal agencies which were seeking passage of this legislation yesterday. I refer to page 5 of House Report No. 947 on H. R. 4828, specifically denying the use of funds for lease-purchase procedures by a particular Federal agency.

I respectfully request that this letter be made a part of the record of your subcommittee's study of lease-purchase legislation.

Sincerely yours,

RANDY HASKELL HAMILTON,
Director of the Washington Office.

Will you please come forward, Mr. Payne?

This is Mr. Albert A. Payne, representing the National Association of Real Estate Boards.

STATEMENT OF ALBERT A. PAYNE, REPRESENTING NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

Mr. PAYNE. Mr. Chairman, in the interest of saving time, I will attempt to brief our statement.

Senator KUCHEL. The full text will be made a part of the record. (The statement of Mr. Payne is as follows:)

STATEMENT OF ALBERT A. PAYNE ON BEHALF OF THE NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

Mr. Chairman, I am Albert Payne, acting secretary of the realtors' Washington committee of the National Association of Real Estate Boards. Our committee is the legislative department of the national association. We have real-estate boards located in each of the 48 States, with a total of more than 50,000 members.

Mr. Chairman, we appreciate the very painstaking manner in which the committee is considering the important matter of buildings acquisition as proposed under H. R. 6342 and other bills. It is certainly desirable that the proposed program be most carefully scrutinized. After all, it is a completely new departure from established practices. It could very likely commit the Federal Government to acquisition of properties without specific limits and without even the option to refrain from taking title should the need no longer exist.

It is true that the provisions regarding the Post Office Department in H. R. 6342 have a 10-year limitation on their application and provide for leasing. Title I of that bill, however, is the part under which most acquisitions would take place. There is no time limit on its application. Apparently it is intended to be permanent legislation.

Bills to set up this new type of Federal buildings acquisition were put before the Congress as early as September 1951 by the previous administration. These bills were presented at the height of the Korean war by an administration facing the expansion brought on by the war.

The present situation is quite different. The fighting has been stopped in Korea. President Eisenhower, in his state of the Union message on January 7, stated that the work of the Federal Government was going on with some 183,000 fewer employees and that the cost of Government had been reduced. He stated "thus the discouraging trend of modern governments toward their own limitless expansion has in our case been reversed."

We suggest that the only way the announced economy program of the Government can be effective is to apply it to the various bills as they come up from time to time.

The President said in his state of the Union message "* * * When budget savings and sound governmental financing are assured, tax burdens should be reduced so that taxpayers may spend their own money in their own way. * * *" Earlier in the same message, he said "* * * until these standing claims on our Government's revenues are further reduced, the growth in the public debt cannot be entirely stopped. * * *" The President went on to point out that on account of the standing claims against the Government he was going to request a raise in the \$275-billion debt ceiling already permitted the Federal Government.

Title I of H. R. 6342 is a tailor-made device for building up what the President calls "standing claims on our Government's revenues" of indeterminable size. Commitments could be made without limitation on number, without limitation on dollars, and without limitation on time this contracting authority will be permitted.

We hope this committee will not take the view that the activities of the Federal Government must be continually expanding with a consequent need for acquisition of more and more building space and more and more Government employees. In this connection, it should be borne in mind that where the Federal Government is renting space for which the need is no longer evident, the space can be disposed of. Since the new administration came in, the General Services Administration has relinquished about 1 million square feet of leased floor space in the District of Columbia alone.

As you are no doubt aware, present leases of privately owned property by the Federal agencies can run for 1 year in the District of Columbia, 5 years elsewhere, and in the case of the Post Office Department can run for as long as 20 years. Of course, there is no sound reason why longer-term leases could not be granted by the Congress in case it is thought advisable to do so. It is our understanding that all of these leases contain cancellation clauses which can be exercised at the convenience of the Federal Government in accordance with the terms of the leases. At the same time, Mr. Chairman, these leased properties are no tax problem for the local community since they are held by private citizens and are subject to taxes on the same basis as the property of other citizens in the locality.

On the other hand, if the Federal Government acquires the property, and the terms of all the bills presented on this subject, including H. R. 6342, make it mandatory that the Federal Government take title to every building involved in the program (with the exception of certain leases under title II for the Post Office Department as contained in H. R. 6342), all taxes would be lost to the locality after title is taken by the Federal Government. Furthermore, if the space is no longer needed because of a change in function, more efficient operation, or greater economy in the Federal Establishment, the property remain in the hands of the Federal Government for upkeep and is a liability to the local government regarding a weakening of its tax base.

Keeping property in Federal ownership may be more uneconomical than it sounds for as we have learned in Washington there is nothing so permanent as a "temporary" building. As long as the buildings are standing, the tendency of the Federal agencies has been to fill them with employees.

An example of the availability of privately owned office space is the Hurley-Wright Building here in Washington. This is a large building at the corner of 18th and Pennsylvania Avenue NW., which for many years housed the Federal Power Commission. It is now vacant—a privately owned taxpaying building with 68,000 square feet of office space available. More than 600,000 square feet of office space and 400,000 square feet of storage and other space has been vacated by the Federal Government in Washington since the new administration took over. During this same period, 1 million square feet of new office space has been built or is under construction within the District of Columbia. Still it is claimed that the temporary buildings which are an eyesore on the Mall and elsewhere cannot be removed because there is no place to put the Government employees.

Regarding economy in Government operation, it is sometimes claimed that Government ownership of buildings will save money. It may assist us in understanding this question if we try to get the full picture of Federal ownership costs. We cannot do this if we merely look at the cost of construction of a Federal building as proposed in H. R. 6342. We must consider also upkeep and loss of taxes.

The chairman of the House Committee on Public Works has stated: "As any private property owner is obliged to do, the Government must provide necessary repairs and maintenance for the buildings it owns."

The budget estimate for fiscal year 1954 to cover "repairs, renovations, and improvements" on 5,445 Federally owned buildings outside of the District of Columbia was \$25 million. This applied only to those buildings under the jurisdiction of the General Services Administration. Minor repairs and improvements (costing less than \$25,000 each) ran to \$10 million. Major repairs and improvements (costing more than \$25,000 each) were estimated at \$5 million. Work-space improvements to post office facilities were estimated at \$10 million. If the item for post office work-space improvements is disregarded, the item for minor and major repairs and improvements on only those Federally owned buildings under GSA outside the District of Columbia is an estimated total of \$15 million.

Now, if the value of the taxes which are not allowed to be collected by the local government on these properties is figured in, then the apparent lower cost of Federal ownership is shown up in a truer light.

In addition to the need for economy on the part of the Federal Government so that the burden of Federal taxes on citizens may be lightened, the impact of any program to expand Federal ownership of real estate is a matter of serious concern to local governments at the present time. The demand for local services is rising. The tax base against which local governments can raise money to provide these services would be further weakened by any Federal acquisitions removing properties from the community tax rolls. This cannot fail to mean higher local taxes on individual property owners. In the long-range view it is also likely to lead to further demands by the local government for money from Washington to pay for local services. I feel sure that members of this committee are very seriously concerned with the implications of this question.

The previous administration thought enough of this problem to conduct a conference on intergovernmental fiscal relations in April 1949. Officials of Federal, State, and local governments entered into the discussion. The present administration created the Commission on Intergovernmental Relations, among other purposes to investigate the importance of tax losses on federally owned properties.

The previous administration later submitted a draft of a bill (H. R. 5233, 82d Cong., 1st sess.) and an Executive communication regarding this matter (Executive Communication No. 722, Aug. 16, 1951). In the latter document addressed to the Speaker of the House of Representatives, Mr. Frederick J. Lawton, then Director of the Bureau of the Budget, stated: "Local governments depend upon property taxation for more than half of their total revenues, so that they are particularly concerned when the Federal Government acquires real estate and thereby removes it from the property tax base while at the same time activities on or associated with the Federal property may impose service burdens upon these local governments." The American Municipal Association estimates that more than 70 percent of the local tax revenues are obtained from real property.

Mr. Lawton went on to say regarding the recommendations of the Bureau of the Budget: "The draft bill would authorize annual payments to State and local governments on many Federal properties. The annual payments would be normal property taxes in certain instances; in most cases they would not be taxes but would be payments based to a considerable extent on factors used in determining property taxes. The draft bill would also authorize payments of special assessments for local improvements."

What is the concrete meaning in dollars and cents of local tax losses due to Federal ownership? Our office made a study of this matter last year, and here are a few samples which will indicate the importance. In Berkeley, Calif., for example, annual tax losses were estimated at \$11,552.67; in Miami, Fla., for public housing only, \$68,010.31; in Montgomery County, Md., \$8,380,719.90; and in St. Louis, Mo., \$2,906,031.34.

As previously mentioned, the bill does not specify the dollar amounts involved in the proposed acquisitions. An indication that this might be a very sizable amount—which could also give an idea of the tax-exemption impact and service costs to local communities—is the statement contained in the Washington Post of November 23, 1953, by Mr. Edward F. Ryan: "The estimate of more than \$2 billion worth of potential Government building projects was compiled by General Services Administration officials."

The present Administrator of GSA and the Director of the Bureau of the Budget have announced that the Government is going to work toward conducting an inventory and disposing of surplus real estate now held by the Federal Government. This sound policy was outlined in a release of December 30, 1953, which states in part: "The objectives of such actions to dispose of surplus real estate are: (1) The elimination of high maintenance costs, (2) bringing needed revenue into the Treasury from sales, (3) returning property sold to State and local tax rolls, from which it is now exempt." At the present time there is no exact knowledge of just what the total holdings of the Federal Government in real estate amount to. Doesn't it seem wise for the Federal Government to carry on as it has begun and find out first just where it stands with reference to its present holdings before Congress allows it to embark on a completely new program for acquisition of real estate?

We doubt the wisdom of enacting legislation such as H. R. 6342 at the present time in view of these facts:

1. It is hoped by all that continued expansion of the Federal Government will not be carried on indefinitely. This measure seems to provide for expansion rather than contraction.

2. Efforts to lower Government costs and taxes will be adversely affected by increasingly committing the Government to new spending contracts.

3. Erosion of the tax base of local communities by Federal property acquisition is now presenting such a serious threat to the independence of local governments that a Presidential commission and several committees of Congress are working on the problem. Further erosion should be stopped or at least minimized by a Congress looking to the perpetuation of truly local self-government.

4. There is no exact knowledge inside or outside the Federal Government of the complete property holdings of the Government at the present time. H. R. 6342 provides that existing properties, plus surplus properties, plus the sites and all facilities under the Public Buildings Act of 1949, plus the properties under the control of the General Services Administration, are to be subject to the provisions of this bill. Until a complete inventory is established and the study ordered by the General Services Administration and the Bureau of the Budget has been completed, there is no way of knowing whether properties already held by the Government are being utilized to their fullest extent and in the wisest possible manner.

In addition to the considerations already outlined, the following questions might be helpful in consideration of the bill:

On page 2, lines 17 and 18: Why should the Federal Government be required to take title to every piece of property involved in the program under title I and section 202 of title II? Why shouldn't any option to purchase contained in such a contract be permissive on the part of the Federal Government in light of the situation at the time it is sought to exercise the option? The word "option" on line 3, page 5, is used regarding restrictions on taking of title but does not appear in section 411 (a) granting authority to sign purchase contracts.

Page 4, subsection (e) beginning on line 11: What would be the practical effect of this provision regarding submitting proposals for acquiring buildings with expenditures of more than \$50,000 a year to the Vice President and the Speaker for reference to committees? What would be the effect of this provision in the event GSA desired to execute contracts when Congress is not in session? Would it not be desirable in the public interest to provide that the Government could not be committed to purchase these buildings without the direct prior approval by Congress? Does the \$50,000 per year and under figure mean that GSA could build projects costing as much as \$1,250,000 each without even submitting the proposals for the information of Congress? (\$50,000 times the maximum installment plan term of 25 years in the bill would be \$1,250,000).

What is the meaning of the proviso beginning on page 4, line 25, through line 6 on page 5, stating that no funds appropriated for rent could be spent to acquire title to the property covered prior to the expiration of the contract term specified therein in the absence of specific appropriation of funds for such acquisition?

Isn't it true that the hands of the Appropriations Committees would be tied, since the language on page 2, lines 17 and 18, commits the Federal Government to acquire every piece of property involved in such contracts?

On page 6, beginning on line 16 through line 2 on page 7: Why is it thought necessary to set aside the whole series of laws built up over a period of time by Congress to protect the public interest against bureaucratic abuse? Is it no longer thought necessary for Congress to maintain strict control over property acquisition by agencies of the Federal Government?

Page 5, line 25 through line 3 on page 6: Why shouldn't provisions be made to allow payments for local taxes on those properties acquired by the Federal Government? The Post Office Department has stated its willingness to pay local taxes on properties acquired henceforth. Couldn't the Congress adopt provisions requiring payments of taxes on properties acquired in the future by the Federal Government without at this time disturbing the question of any such treatment on properties acquired in the past?

In view of the crucial importance of local taxes to local communities and citizens, why wouldn't it be wise to adopt an amendment along the lines of the following:

"Consent is hereby granted to any State or local government to tax property the title to which property vests in the United States pursuant to subsection (a). Such property may be taxed to the same extent and in the same manner according to its value as if it were privately owned, and any such tax shall be based upon an assessed valuation which does not represent a larger percentage of true value than is used by assessing authorities in valuing property generally for tax purposes within the taxing jurisdiction."

Mr. Chairman, we feel every effort should be made to avoid narrowing the field of private ownership of real estate in this country. In those cases where the Congress considers it wise to acquire property we feel very strongly that provisions should be enacted to avoid removing these properties from the tax bases of the local communities involved.

We thank you, Mr. Chairman and members of the committee, for this opportunity to present the views of our association for your consideration.

Mr. PAYNE. I am Albert Payne, acting secretary of the Realtors' Washington committee of the National Association of Real Estate Boards.

Our committee is the legislative department of the national association. We certainly appreciate the painstaking manner in which this committee is considering the important matter of buildings acquisition as proposed under H. R. 6342 and other bills. The bill could very likely commit the Federal Government to acquisition of properties without specific limits and without even the option to refrain from taking title, should the need no longer exist.

It is true that the provisions regarding the Post Office Department in H. R. 6342 have a 10-year limitation on their application and provide for leasing. Title I of that bill, however, is the part under which most acquisitions would take place. There is no time limit on its application. Apparently it is intended to be permanent legislation.

Bills to set up this type of Federal buildings acquisition were put before the Congress as early as September 1951 by the previous administration. These bills were presented at the height of the Korean war by an administration facing the expansion brought on by the war.

The present situation is quite different. The fighting has been stopped in Korea. President Eisenhower, in his state of the Union message on January 7, stated that the work of the Federal Government was going on with some 183,000 fewer employees, and that the cost of Government had been reduced. He stated:

* * * Thus the discouraging trend of modern governments toward their own limitless expansion has, in our case, been reversed. * * *

We suggest that the only way the announced economy program of the Government can be effective is to apply it to the various bills as they come up from time to time.

The President said, in his state of the Union message:

When the budget savings and sound governmental financing are assured, tax burdens should be reduced so that taxpayers may spend their own money in their own way. * * *

Earlier in the same message, he said:

* * * Until these standing claims on our Government's revenues are further reduced, the growth in the public debt cannot be entirely stopped. * * *

The President went on to point out that on account of the standing claims against the Government, he was going to request a raise in the \$275 billion debt ceiling already permitted the Federal Government.

Title I of H. R. 6342, and section 202 of that bill, for that matter, is a tailor-made device for building up what the President calls "standing claims on our Government's revenues" of indeterminable size. Commitments could be made without limitation on number, without limitation on dollars, and without limitation on time this contracting authority will be permitted.

We hope this committee will not take the view that the activities of the Federal Government must be continually expanding with a con-

sequent need for acquisition of more and more building space and more and more Government employees.

We doubt the wisdom of enacting legislation such as H. R. 6342 at the present time, in view of these facts:

1. It is hoped by all that continued expansion of the Federal Government will not be carried on indefinitely. This measure seems to provide for expansion rather than contraction.

2. Efforts to lower Government costs and taxes will be adversely affected by increasingly committing the Government to new spending contracts.

3. Erosion of the tax base of local communities by Federal property acquisition is now presenting such a serious threat to the independence of local governments that a Presidential commission and several committees of Congress are working on the problem. Further erosion should be stopped or at least minimized by a Congress looking to the perpetuation of truly local self-government.

4. There is no exact knowledge inside or outside the Federal Government of the complete property holdings of the Government at the present time. H. R. 6342 provides that existing properties, plus surplus properties, plus the sites and all facilities under the Public Buildings Act of 1949, plus the properties under the control of the General Services Administration, are to be subject to the provisions of this bill. Until a complete inventory is established and the study ordered by the General Services Administration and the Bureau of the Budget has been completed, and it is commendable that the General Services Administration is carrying out such a study at the present time, there is no way of knowing whether properties already held by the Government are being utilized to their fullest extent and in the wisest possible manner.

Senator HOLLAND. I judge from your last statement that you think that I was inclined to think from a rather quick reading of this bill that looking at the post office picture alone, that all present post office properties are included within the purview of title II.

Mr. PAYNE. I looked at it very closely. I am inclined to agree with you. There is one limiting phrase in section 205. There is a limiting phrase that mitigates somewhat, although basically your point is valid. It says:

* * * property acquired in the performance by the Postmaster General of the functions vested in him by this title * * *.

Now, if that means that it would only involve properties newly acquired by him under this title, then it isn't as broad as you thought. I am not sure of that language.

Senator KUCHEL. If it were tied down to prospective applications, then I am sure it would destroy what that agency had in mind.

Mr. PAYNE. As I understand Mr. Kiebs' program, one part of it is that where it suits the convenience and the efficiency of the Department, he would like to acquire sites or at least option sites in advance, in order to keep some control over the building up of those sites where he wants to locate. He could option those sites and then option them to a private owner, and then contract with him to construct the building that the Department needs and then turn the building back to the owner and rent from the owner.

Senator HOLLAND. I was drawing my conclusion from your statement where you said that H. R. 6342 provides that existing properties, plus surplus properties, plus the sites and all facilities under the Public Buildings Act of 1949, plus the properties under the control of General Services Administration, are to be subject to the provisions of this bill.

Mr. PAYNE. I certainly understand that with regard to title II and section 202. I am not completely clear about section 203 and the following sections in that regard.

Senator HOLLAND. But so far as the General Services Administration is concerned and its properties.

Mr. PAYNE. I believe it is clear.

Senator HOLLAND. And so far as title II, section 202, is concerned, you are sure that all present Government-owned properties of the General Services Administration and the Post Office Department are included?

Mr. PAYNE. That is my opinion. I believe it is exceedingly broad disposition authority, and also acquisition authority.

In addition to the considerations already outlined, the following questions might be helpful in consideration of the bill, and may I invite your attention to H. R. 6342:

On page 2, lines 17 and 18, why should the Federal Government be required to take title to every piece of property involved in the program under title I and section 202 of title II? Why shouldn't any option to purchase contained in such a contract be permissive on the part of the Federal Government in light of the situation at the time it is sought to exercise the option? The word "option" on line 3, page 5, is used regarding restrictions on taking of title but it notably does not appear in section 411 (a) authority to sign purchase contracts. They use the word "option" when they are talking about restriction of taking title as to the appropriation purposes, but in title I and section 202, it notably is not used. Title I, as you know, requires that the Federal Government take title to every property involved under the bill. Under title I there is no provision for a lease as it is commonly understood. It is a commitment to take title in every single contract.

Senator HOLLAND. Is this your point, that instead of being empowered to take leases for longer periods of time than the bill permitted by present law, that this bill would simply tie in any additional time period with the purchase feature as well?

Mr. PAYNE. Acquisition in every instance involved under title I and section 202, that is correct, Senator.

Senator HOLLAND. Then this bill, if enacted, would not, as you seem to feel, make it possible for the Government to acquire longer term leases freed from obligation to purchase, than permitted under the present law.

Mr. PAYNE. That is entirely correct, Senator, and it is remarkable in view of the fact that all the arguments I heard here today by the gentlemen from the General Services Administration were actually not in favor so much of acquisition as in favor of a more flexible arrangement with reference leasing terms.

As they point out, they are now tied down to 5 years generally outside the District of Columbia and 1 year inside the District of Columbia. They did not ask, and the bill does not grant them a

lengthening of that 5-year restriction on bona fide leasing. They have not asked, as far as I know, for that permission.

Page 4, subsection (e), beginning on line 11; what would be the practical effect of this provision regarding submitting proposals for acquiring buildings with expenditures of more than \$50,000 a year to the Vice President and the Speaker for reference to committees? What would be the effect of this provision in the event GSA desired to execute contracts when Congress is not in session? Would it not be desirable in the public interest to provide that the Government could not be committed to purchase these buildings without the direct prior approval by Congress?

What is the meaning of the proviso beginning on page 4, line 25 through line 6 on page 5, stating that no funds appropriated for rent could be spent to acquire title to the property covered prior to the expiration of the contract term specified therein in the absence of specific appropriation of funds for such acquisition?

Isn't it true that the hands of the Appropriations Committees would be tied, since the language on page 2, lines 17 and 18, commits the Federal Government to acquire every piece of property involved in such contracts?

On page 6, beginning on line 16 through line 2 on page 7, why is it thought necessary to set aside the whole series of laws built up over a period of time by Congress to protect the public interest against bureaucratic abuse? Is it no longer thought necessary for Congress to maintain strict control over property acquisition by agencies of the Federal Government?

Senator HOLLAND. What were you referring to there? Was that the provision containing the "notwithstanding" clause?

Mr. PAYNE. I did not have that provision in mind at the time. I was thinking of the specific statutes set aside in the bill on page 6, line 16. They list certain of the statutes which they would like to be set aside for them in this operation.

Senator HOLLAND. Is there a point made that is a little stronger? Isn't that point made stronger by the words in section 203 applicable to the Post Office Department:

Notwithstanding any other provision of law, the Postmaster General is authorized to—

And then all the authorization provisions come after that.

Mr. PAYNE. Senator, I cannot think of a broader phrase than to give any agency the authority to set aside all laws with respect to an operation.

Page 5, line 25 through line 3 on page 6, why shouldn't provisions be made to allow payments for local taxes on those properties acquired by the Federal Government? The Post Office Department has stated its willingness to pay local taxes on properties acquired henceforth. Couldn't the Congress adopt provisions requiring payments of taxes on properties acquired in the future by the Federal Government without at this time disturbing the question of any such treatment on properties acquired in the past?

In view of the crucial importance of local taxes to local communities and citizens, why wouldn't it be wise to adopt an amendment along the lines of the following:

Consent is hereby granted to any State or local government to tax property the title to which property vests in the United States pursuant to subsection (a).

Such property may be taxed to the same extent and in the same manner according to its value as if it were privately owned, and any such tax shall be based upon an assessed valuation which does not represent a larger percentage of true value than is used by assessing authorities in valuing property generally for tax purposes within the taxing jurisdiction.

That latter phase is to answer the criticism that some have made that some of the local communities would try to assess the Federal Government on a different basis than people generally.

Mr. Chairman, we feel every effort should be made to avoid narrowing the field of private ownership of real estate in this country. In those cases where the Congress considers it wise to acquire property, we feel very strongly that provisions should be enacted to avoid removing these properties from the tax bases of the local communities involved.

We thank you, Mr. Chairman and members of the committee, for this opportunity to present the views of our association for your consideration.

Senator KUCHEL. Thank you very much, Mr. Payne.

Gentlemen, if there is no objection, the chairman of the subcommittee will file a copy of the letter from the Comptroller General, signed by Mr. Frank H. Weitzel, the Acting Comptroller General of the United States, who approves the bill but who, I might say, Senator Holland, suggests agreement with you on your interpretation of section 205 when he says that constitutes a departure from the normal appropriation process in that it would allow the Postmaster General to spend amounts received from sales, leases, or other disposals of property acquired in the performance of the functions authorized by title II without specific appropriation by Congress.

That letter will be inserted.

(The letter referred to is as follows:)

COMPTROLLER GENERAL OF THE UNITED STATES,
January 20, 1954.

HON. EDWARD MARTIN,
Chairman, Committee on Public Works,
United States Senate.

MY DEAR MR. CHAIRMAN: By telephone conversation of January 18, 1954, Mr. Bassett, of the staff of your committee, asked that a letter be submitted to the committee indicating the present position of the General Accounting Office on H. R. 6342, 83d Congress.

While H. R. 6342 would give the Administrator of General Services and the Postmaster General broad grants of authority with respect to the acquisition and leasing of real property, it is believed that the purposes sought to be accomplished by the bill are sound. Of course, as in any case where broad authority is given to the head of an agency, the ultimate results will depend solely upon how well that authority is exercised.

Section 205 of the bill is a departure from the normal appropriation process in that it would allow the Postmaster General to spend amounts received from sales, leases, or other disposals of property acquired in the performance of the functions authorized by title II, without specific appropriation by Congress. While the General Accounting Office does not normally favor this type of provision, it is understood the transactions in which proceeds of sales, leases, etc., would be available for expenditure would be limited in number and on this basis no objection will be offered. It is to be noted that section 209 of the bill directs the Postmaster General to include in his annual report an account of the transactions conducted during the applicable year under the authority of title II. Such a report will afford Congress a means of being informed of property transactions made by the Postmaster General under the authority granted. In addition, the General Accounting Office in its audit of the Post Office Department will examine the activities of the Department under the

authority granted by title II, if enacted, and include appropriate comments in the audit reports submitted to the Congress.

On the basis of past conferences with representatives of the General Services Administration and the Post Office Department, it is believed the proposed legislation will be of considerable benefit to the Federal Government. Accordingly, the General Accounting Office has no objection to the favorable consideration of H. R. 6342 in its present form.

Sincerely yours,

FRANK H. WEITZEL,

Acting Comptroller General of the United States.

Senator STENNIS. You raised this very serious question about local taxation. If you go into the policy of taxing this, wouldn't you have to go into the matter of taxing other Federal property?

Mr. PAYNE. I do not think so. I believe you can find precedent in the law about having a cutoff date. The previous Administration submitted, in 1951, a bill to do that. They used a cutoff date of 1946.

The CHAIRMAN. I should like to refer you and the staff, and I am sure the staff is aware of these communications, Executive Communication No. 722 regarding payment in lieu of taxes from the Director of the Budget, dated August 16, 1951, a letter addressed to the Speaker of the House of Representatives; and also H. R. 5223 of the 82d Congress, 1st sess., the draft bill which the Bureau of the Budget sent up.

They had a variety of treatments suggested for certain types of property. On one type of property they were going to pay full local taxes. On another type they were going to continue the exemption intact.

As I understand it, this matter is under study by the Interior and Insular Affairs Committees, and by the Commission on Intergovernmental Relations, under Dr. Manion as to future and past properties.

But it seems to me that the Congress might very well not make the issue any more serious by causing provisions such as we have suggested to apply only to those properties in this bill. If some provision is needed later on, that could be worked in. At least you would not have these properties further weakening the tax base of the local communities who are striving to meet the demands for local services in their communities. As Mr. Hamilton, of the Municipal Association, stated, real estate taxes account for about 70 percent of local government revenues. The Congress is trying to lower the taxation on the citizens from the Federal standpoint, and if you remove more properties in these communities from the local tax rolls, you are going to require higher real-estate taxes on all persons in those areas.

Senator KUCHEL. Thank you very much, Mr. Payne, for your statement.

Gentlemen, that concludes this hearing. The hearings held last year on bills of this nature will be incorporated as a part of this hearing.

(Thereupon, at 12:35 p. m., the hearing was concluded.)

AMENDING THE PUBLIC BUILDINGS ACT OF 1949

FRIDAY, JULY 24, 1953

UNITED STATES SENATE,
COMMITTEE ON PUBLIC WORKS,
SUBCOMMITTEE ON BUILDINGS AND GROUNDS,
Washington, D. C.

The subcommittee met, pursuant to call, at 10:10 a. m., room 412, Senate Office Building, Hon. Thomas H. Kuchel (chairman of the subcommittee) presiding.

Present: Senators Kuchel (chairman of the subcommittee), Bush, Holland, and Gore.

Senator KUCHEL. The Subcommittee on Buildings and Grounds of the Senate Committee on Public Works will be in order.

This is the time and place set for a hearing on Senate bill 2041.
(S. 2041 is as follows:)

[S. 2041, 83d Cong., 1st sess.]

A BILL To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings for housing of Federal agencies or departments, including post offices, by executing purchase contracts, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Public Buildings Act of 1949 is amended by (a) redesignating section 411 thereof as section 412; and (b) inserting, immediately after section 410 thereof, the following new section:

"PURCHASE CONTRACTS

"SEC. 411. (a) Whenever the Administrator of General Services determines that (1) the needs for space for the permanent activities of the Federal Government, including space for post offices, in any particular area cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, and (2) a project for constructing a post office or other public building is eligible under the geographical allocation and distribution of buildings set forth in section 102 of this Act, and (3) the best interests of the United States shall be served by taking action hereunder, he is hereby authorized to obtain and provide space for the accommodation of activities of the Government, both in and outside the District of Columbia, within the continental limits of the United States, including, with the approval of the Postmaster General, activities of the Post Office Department, by negotiating and entering into purchase contracts, the terms of which shall not be less than or more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the contract term and upon fulfillment of the terms and conditions stipulated in each of such purchase contracts. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of installment payments made thereunder including provision for the exchange of surplus real property or real property which may become surplus as a result of such agreement, where the Administrator determines that the best interests of the Government in economy and efficiency of operation will be served.

"(b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those

for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

"(c) The Administrator of General Services is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demolition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable purchase contracts.

"(d) Each such purchase contract shall include such provisions as the Administrator of General Services, in his discretion, shall deem to be in the best interests of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States: *Provided*, That no such agreement may provide for the payment by the United States in pursuance of the terms thereof of moneys in an aggregate annual amount in excess of 15 per centum of the appraised fair market value of the property at the date of the purchase contract, or in the case of property where construction shall not have been completed at that date in excess of 15 per centum of the fair market value at the date of completion of such construction: *And provided further*, That the Administrator of General Services before executing any proposed purchase contract under this Act shall submit the same for approval to the committees of the Congress having jurisdiction of the subject matter, which approval shall be expressed by a committee resolution jointly adopted by such committees.

"(e) Funds now or hereafter available for the payment of rent and related charges for premises, whether appropriated directly to the General Services Administration or to any other agency of the Government and received by said Administration for such purpose, may be utilized by the Administrator of General Services to make payments becoming due from time to time from the United States as current charges in connection with agreements entered into under authority of this Act: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the contract term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized: *Provided further*, That the value of any Government real property to be exchanged under any such agreement may be credited at the time of exchange to the payments to be made by the United States thereunder: *Provided further*, That Government real property to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall be covered into the miscellaneous receipts of the Treasury of the United States.

"(f) If any provision of this section or the application thereof to any person or circumstance is held invalid, the remainder of this section and the application thereof to other persons or circumstances shall not be affected thereby.

"(g) (1) Section 302 (c) of this Act and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to lease-purchase agreements executed under this Act, except that any such agreement may be executed and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

"(2) Except as provided by paragraph (1) of this subsection, sections 3734 and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); section 4 of the Act of June 14, 1946 (60 Stat. 257, as amended; 40 U. S. C. 304c); section 407 of the Act of June 16, 1949 (63 Stat. 199; 40 U. S. C. Supp. 37a); and any other provision of law relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to lease-purchase agreements executed under this Act.

"(h) This section may be cited as the 'Public Buildings Purchase Contract Act of 1953'."

Senator KUCHEL. In addition to witnesses, however, developing arguments pro and con on that bill, I have been instructed to give attention to a similar House bill, H. R. 6342, and if any comments are

directed to that piece of proposed legislation the committee will be glad to hear from anyone present.

The staff has prepared a suggested list of seven witnesses. The first name is Mr. Edmund F. Mansure, the Administrator of the General Services Administration.

Is Mr. Mansure or a representative of that Department here?

STATEMENTS OF RUSSELL FORBES, DEPUTY ADMINISTRATOR OF THE GENERAL SERVICES ADMINISTRATION; W. E. REYNOLDS, COMMISSIONER OF PUBLIC BUILDINGS SERVICE; AND MAXWELL H. ELLIOTT, GENERAL COUNSEL, GENERAL SERVICES ADMINISTRATION

Mr. FORBES. Mr. Chairman, I am Russell Forbes, the Deputy Administrator of the General Services Administration.

Senator KUCHEL. Thank you, Mr. Forbes.

Mr. FORBES. Mr. Mansure is out of the city, inspecting our regional office on the west coast, and I am appearing in his stead.

Senator KUCHEL. Very well.

Mr. FORBES. We have Commissioner W. E. Reynolds of the Public Buildings Service here, and Mr. Maxwell H. Elliott, General Counsel of the General Services Administration, to give expert testimony.

All I would like to say is that the General Services Administration very much hopes we can in this session of Congress get legislation on this lease-purchase subject because it is of very great importance to us.

I also want to say that we do not consider the question of committee jurisdiction up here is our affair or problem, and so we are neutral in that matter, but we do hope that your committee can assist us and the Post Office Department in getting this legislation enacted, which is very badly needed.

Senator KUCHEL. Can you describe what the bill S. 2041 would accomplish?

Mr. FORBES. That is the bill on which you called the hearing this morning?

Senator KUCHEL. Yes.

Mr. FORBES. If it would be all right with you, Mr. Chairman, I would like to yield to Commissioner Reynolds, who is technically qualified more than I am to discuss that.

Senator KUCHEL. Very well. Do you have a prepared statement, Commissioner Reynolds?

Mr. REYNOLDS. I do not.

Senator KUCHEL. Could you or would you develop then what the intent and purpose of the bill is?

Mr. REYNOLDS. The bill is designed, Mr. Chairman—

Senator BUSH. Are these bills identical, Mr. Chairman?

Mr. REYNOLDS. No, there is quite a difference between S. 2041 and H. R. 6342, which is on the floor of the House today, as I understand it; but they both go to the same basic question, that is, to extend to the executive departments the right to enter into contracts over a period of years drawn in such a manner that at the end of a stated period, which shall not be more than 25 years in the case of S. 2041, title will then flow to the United States.

We are favorable to the bill for this reason: At the present time we are required to provide general-purpose space for the various Departments and agencies of the Government.

We are not required to provide special-service space such as you would find at substations of post offices, and things of that sort. The only way we can provide that space is either through appropriations by the Congress for the construction of buildings or rental thereof.

It has seemed to us for a long time it would be very helpful if we could have a third way of obtaining space. We find, for instance, that after years and years of rental of properties often up to 40 or 50 years the Government is still renting them. It has been impossible, as you gentlemen know, to obtain funds for the construction of buildings, except of an emergency character, since before the beginning of the war. There has been no public buildings program per se for about 12 years. Prior to that there was a building program each year. It is difficult to forecast when the economic situation and the budget situation will be such as to permit a normal resumption of public building construction.

With the three methods before us, the cheapest to the Federal Government is direct construction by appropriations from the Congress. The second, from the standpoint of cost, would be the lease-purchase arrangement we are discussing here today. The third would be straight out-and-out rental. We are interested in it for some types of construction or structures that we have been unable to acquire; and in seeking to find someone to build for us they tell us they cannot afford to do so with the risks they are required to take due to the limitations that we have for the period of the lease.

In the District of Columbia our leasing period is for 1 year.

Senator KUCHEL. Is that by statute?

Mr. REYNOLDS. By statute.

Outside of the District of Columbia we can go to 5 years. Recently we have had——

Senator BUSH. May I interrupt you?

Mr. REYNOLDS. Yes, Senator.

Senator BUSH. What is the theory of such a short-term lease restriction?

Mr. REYNOLDS. Well, the Congress has never felt in the District of Columbia, it should be more than 1 year, and we have not objected to it here because it has not interfered basically with our operations, because the owners of property here in the District of Columbia know when the Government rents a building it will probably be a continuing tenant for a long time.

Senator BUSH. I can understand that, but I do not quite understand why in Cincinnati or any other place they limit it to a 5-year lease.

Mr. REYNOLDS. We are limited to a 5-year lease, but the Post Office Department is not.

Senator BUSH. They are not?

Mr. REYNOLDS. No, sir. They can lease up to 20 years for substations.

Senator BUSH. Then what buildings would you be leasing on a 5-year lease throughout the country that are not post office buildings, for instance?

Mr. REYNOLDS. We have to provide space for all of the other agencies of the Government, like Internal Revenue, and so on.

Senator BUSH. You mean for their offices?

Mr. REYNOLDS. For their office buildings.

Senator BUSH. Yes. I see. I was thinking more of whole buildings, but you rent office space for them?

Mr. REYNOLDS. That is right, and we will very often rent an entire building and operate it ourselves.

Senator BUSH. You do that?

Mr. REYNOLDS. Yes.

Senator BUSH. You rent the entire building?

Mr. REYNOLDS. Yes.

Senator BUSH. And there you are limited to 5 years?

Mr. REYNOLDS. That is right.

Senator BUSH. Excuse me for interrupting.

Mr. REYNOLDS. Not at all.

Now, within the last year and a half we have been required to obtain a considerable amount of warehouse space, and we have tried to rent it and could not. We have advertised for bids on a 5-year basis for new construction and have been successful in getting bidders to bid on that basis. But the price we have to pay is too much because the buildings by their very nature are generally located so that it might be difficult to get another tenant in the event that at the end of the 5-year period the Government would move out. Therefore, the private investor is required to reduce his capital investment to the maximum extent possible in the first 5-year period. We could save on three warehouses about \$500,000 a year if we had this bill. And the contract is so drawn that we could convert those contracts into a lease-purchase agreement if we so desired.

About a year and a half ago we entered into a contract for a substantial office building in the northwest. It is a 5-year contract. An insurance company has offered to take over this building in case any of these forms of legislation are passed and reduce then the percentage of rental we are now paying by one-quarter and tend title at the end of 25 years. So it does offer many advantages to us if we can have legislation of this kind.

Senator BUSH. What is the gross—that will vary with the buildings, but on the buildings you have in mind, what is the gross percentage per annum that you have to pay?

Mr. REYNOLDS. Our average rental will run from, I should say, 12½ to 13½ percent of the fair market value of the property. That is what we are required to pay.

Senator BUSH. On a rental basis?

Mr. REYNOLDS. That is right.

Senator BUSH. For that same money you can buy the thing?

Mr. REYNOLDS. That is right.

Senator BUSH. Or a little less money, even?

Mr. REYNOLDS. Yes. You can for less. There is this thing to keep in mind, Senator. We have to be very careful in entering into these contracts because the only funds we have available to carry it out with is moneys that are appropriated by the Congress for rental, so we have to come within the rental figures when we go out to have a building built for us.

It sounds easy to do that. It is easy on a percentage basis, but the type of properties we rent are not the highest type of properties you will find in the various cities. Our average rent today is \$1.79 a square foot for rough space, which is rather low.

Senator BUSH. That includes a lot of high-rent space.

Mr. REYNOLDS. Some high rent and some low rent. We have a lot of buildings in warehouses, and so forth, that we have converted to office space, and so forth. Last year a bill was reported out of the Government Operations Committee of the House similar to S. 2041, except it was an amendment to Public Law 152. That passed the House. The same measure was considered in the Senate, but the jurisdictional dispute arose between the Government Operations Committee and the Public Works Committee because there was in it a reference to committees.

So the bill was never carried on the floor of the Senate. At the same time there was a similar bill reported out by the Post Office Committee of the House which would extend the same authority to the Post Office Department. That was also reported out by the Senate and passed by the Congress. It was, however, vetoed by the President because it required a positive approval by the committees before action could be taken on any project.

Senator BUSH. Before the committee in charge of that legislation, you mean? The congressional committee, you mean?

Mr. REYNOLDS. That's right. Each project we wanted to enter into a contract on would first have to be cleared by the Post Office Committee of the House and the Post Office Committee of the Senate.

Senator BUSH. And the President vetoed it because of that feature?

Mr. REYNOLDS. That is right. And I understand that the present administration takes the same view. They do not object, however, to a clause in the bill that requires the submission of the projects to the Congress with the 30-day waiting period, so that the committees will have a chance to review them and raise any question they may wish to.

Senator BUSH. So they would have to take affirmative action to kill it?

Mr. REYNOLDS. That is right.

Senator BUSH. But they would not be required to take any action?

Mr. ELLIOTT. If I could correct that, the committee could not kill it by taking action, but the Congress could.

Senator BUSH. They could express an opinion.

Mr. ELLIOTT. Yes.

Senator BUSH. And the President could go ahead in spite of that?

Mr. ELLIOTT. Yes.

Senator BUSH. I see.

Mr. REYNOLDS. I cannot imagine a contracting officer would do that. As a practical matter I do not think they would go ahead in the face of an adverse opinion of the committee.

Senator BUSH. They would not go in the face of that advice from the committee?

Mr. REYNOLDS. No. They could not afford to. This year Mr. McGregor in the House introduced a bill which was heard by the Public Works Committee at the same time a bill was presented by Mr. Rees, chairman of the Post Office Committee, and hearings were held on that. The two committees then got together and combined the two

bills into one. You may have seen it. It is H. R. 6342, which will be on the calendar today, as I understand it, and will be up for a vote. It is a much more comprehensive bill, of course, than S. 2041, the project we are discussing this morning. But I think it might be well to give you briefly the changes that occur in H. R. 6342, or the differences between H. R. 6342 and S. 2041.

Senator BUSH. The House bill applies both to the General Services Administration and the Postmaster General. Is that right?

Mr. REYNOLDS. That is right.

Senator BUSH. It says: "To extend the authority of the Postmaster General to lease quarters for post-office purposes."

Does not the bill give him the same right to a lease-purchase contract?

Mr. REYNOLDS. That is right.

Senator BUSH. It does? It goes that far?

Mr. REYNOLDS. That is right.

Senator BUSH. It is not just to lease?

Mr. REYNOLDS. He can do either. It extends their leasing period to an indefinite period.

Senator BUSH. And it gives the General Services Administration the same privilege?

Mr. REYNOLDS. The same privilege of lease-purchase, but it does not extend the leasing period.

Senator BUSH. All they can go to is 5 years outside the District or go on a lease-purchase basis if they want to spread it?

Mr. REYNOLDS. That is right.

Senator KUCHEL. Commissioner, first of all let me ask you this. In the past several years has the General Services Administration come before the Congress with recommendations that its budgetary appropriation be increased so that you might have an opportunity to utilize the most economic means of acquiring your property and going out and purchasing the warehouses that you have wanted? In other words, have you tried with the Congress to have appropriations for the purchase of the buildings that you deem necessary.

Mr. REYNOLDS. Over the years the Congress from time to time has given us funds for the purchase of buildings in a very limited way, and also for the design of special-type buildings, and 3 or 4 in the District of Columbia. For instance, the General Accounting Office, the National Institutes of Health at Bethesda, and the remodeling of the White House came under our office. We have been working on this lease-purchase very actively for 2 years.

Senator KUCHEL. How do you mean?

Mr. REYNOLDS. And a study for a year before; that is, working with the committees.

Senator KUCHEL. On a proposal which might pass through the Congress?

Mr. REYNOLDS. That is right.

Mr. ELLIOTT. Senator, we have not come before the Congress for any general purchase, or building program, because of the budgetary implications of increasing the national debt if you had that direct capital expenditure. The lease-purchase bill contemplates that the payments will be made out of moneys that are continually appropriated for rent and related charges, so we do not contemplate it will

require an increase in our appropriations. Is that correct, Mr. Reynolds?

Mr. REYNOLDS. That is correct, and there has been every year since the war as far as I know a discussion of a construction bill. Hearings have been held on individual measures from the various locations throughout the country, but we have never recommended for it because of the budget situation.

Senator KUCHEL. The effect upon the national debt, I take it, would not occur if a congressional appropriation was such as to permit the purchase of a given warehouse. It would occur if an authorization to buy was approved and only a portion of the purchase contract was appropriated. Then, to the extent that a contract was entered into to purchase a given piece of property, and not paid, then to that extent the national debt would come into play and that unpaid balance would constitute an indebtedness. Is that the thought behind it?

Mr. ELLIOTT. I think that is probably correct in theory. But, as a practical matter, if you were to go out with direct purchase or immediate purchase now, or immediate construction now, the Congress would have to appropriate all of that money.

Under the lease-purchase arrangement the payments will be staggered over a period of years, running up to 25 years, and it is money that would have been otherwise spent for rental.

Senator KUCHEL. Let us take a look at it and see if we can get a specific example. If the cost today runs about 13 percent of the fair market value of a piece of property and if you assumed that you have a building which you need to rent which is, let us say, valued at \$1 million, then 13 percent of \$1 million is \$130,000; is it not?

Mr. REYNOLDS. That is right.

Senator KUCHEL. Over a 5-year period of time you would be paying about half a million dollars for that; wouldn't you?

Mr. REYNOLDS. Yes.

Senator KUCHEL. And that would be paid out of an appropriation by the Congress year in and year out, which would include rentals.

If you wanted to enter into a lease-purchase agreement on the same basis you would enter into a 25-year lease, at the end of which time the provisions of that lease would provide that title would pass to the Government. What in your judgment would be the rate of lease under those circumstances?

Mr. REYNOLDS. Well, first of all it would be the question of the value of the money. Now, money has been going up somewhat recently, but I would say that your interest and your amortization and your taxes, and structural repairs, would run about 9 percent.

Senator BUSH. I would think that is a little high, but it is good enough for the purpose here.

Mr. REYNOLDS. You might shave it a little bit.

Senator BUSH. Twenty-five years?

Mr. REYNOLDS. Most of my calculations I have made on 20. It would drop down a little bit on 25 years.

Senator KUCHEL. Suppose for the purposes of comparison that the ceiling of 5 years was eliminated so that you could rent that same piece of property, if you wanted to, for as long as good business judgment indicated to you? What do you think the percentage of the market value of the property would then be as a basis for the rental payments?

Mr. REYNOLDS. For a 20-year period you would add to the figures I gave there what would be a reasonable profit to the owner. It would not be a great deal of difference—probably 1 or 1½ percent more.

Senator KUCHEL. Don't you think you are a little low on that, Commissioner? In other words, there is a good deal that can be said in favor of a lease-purchase proposition. I am not thoroughly acquainted with this problem, but I am not entirely unacquainted with it. I do not think there is any realism at all in a congressional prohibition against entering into a lease of more than 5 years, or more than 1 year, in the District. I just think that is something that cannot be defended. I suppose the Congress was proceeding out of what it believed to be a great abundance of caution.

Mr. REYNOLDS. You are exactly right.

Senator KUCHEL. But if I owned a piece of property I would not let it to the Government on a 1-year basis to the Government in Washington, unless I got a pretty fancy rental. The only thing is, you are going to have title to a building that is 25 years old.

Have you ever come before the Congress recommending that the prohibition against long-term leases be eliminated?

Mr. REYNOLDS. We never have proposed a lease period beyond 5 years because I think we were working out of an abundance of caution, the same as the Congress always has, when we discussed the question. It is subject to certain abuses, you know.

Senator KUCHEL. Which would likewise be present in a so-called lease-purchase agreement, would they not?

Mr. REYNOLDS. That is right. Except it is attempted in this legislation here to require the Administrator to make a finding as to need, which would have to be clear and undisputed that you are going to need that building for the period that you are going to—at least for the lease period.

Senator KUCHEL. Which would be a maximum of 25 years.

Mr. REYNOLDS. Yes, sir.

Senator KUCHEL. Of course, if you had a lease-purchase agreement considerably less than 5 years your 9 percent figure would probably be a little low.

Senator BUSH. Yes.

Mr. REYNOLDS. The 9 percent really was—the figure I have been using is based on about a 20-, 21-, or 22-year period because it is a simple calculation if you have the tables before you; but you do not know what your basic rate will be. We do not know that yet.

Senator KUCHEL. Yes, sir.

Senator BUSH. Of course, the interest rate ought not to be much higher than the long-term Federal Government rate, should it? You are the obligor on the thing and it ought to be practically the equivalent today. It ought not to be over 3½ percent; 3¼ percent would be realistic. Isn't that right?

Mr. ELLIOTT. Maybe an extra quarter of a percent.

Senator BUSH. Probably, because of the indirect nature of it.

Mr. REYNOLDS. I would question that. No insurance company indicated that they would let us have the money for that rate as yet, because they can go into the market and get tax-exempt securities, and all that sort of thing, as you know, and they have indicated that we would more than likely be paying in the neighborhood of 4 percent.

Senator BUSH. I guess that is right, because there is a servicing in connection with this business. If they put the money in the marketable bonds they do not have to worry about it.

Mr. REYNOLDS. That is right.

Senator BUSH. I think we are low on the quarter of a percent.

Mr. ELLIOTT. You think we are?

Senator BUSH. Yes.

Senator KUCHEL. Can you give an estimate of how much money the Federal Government pays today for rental of buildings throughout the world?

Mr. REYNOLDS. We are paying around \$30 million a year. That does not include rentals for special-purpose buildings, which are paid directly by the Departments, and it does not include rentals for post offices.

Senator KUCHEL. So the gross figure would be considerably higher?

Mr. REYNOLDS. Oh, yes.

Senator KUCHEL. Do the unpaid obligated rental payments constitute part of the Federal indebtedness?

Mr. REYNOLDS. It is a part of the Federal indebtedness. There is no question about that. When you enter into a contract it is a firm contract. It is not reflected in the cash budget, of course. It is intended, and it is clearly so stated here in the bill, that you pay the use of normal operating funds that are appropriated to you.

Senator BUSH. Is your question, Senator, indirectly the question, is it part of the Federal debt, that is, that unpaid balance? Is that what you were trying to bring out?

Senator KUCHEL. Yes.

Senator BUSH. I was thinking of that while you were talking. I do not think it would be.

Mr. FORBES. Would it not be the total obligations of the Government to pay, which might have the result of borrowing, and, therefore, be an increase of the debt if the Congress did not appropriate from current revenue the amount necessary?

Senator BUSH. The question was whether on these lease-purpose contracts which obligated the Government for 25 years to make certain payments, as to whether any part of that would be included in the Federal debt.

Mr. REYNOLDS. I do not think it would come within the debt limitation.

Mr. ELLIOTT. Frankly, with all due respect, I am inclined to think it would, Judge Reynolds. The Treasury Department would have a better answer than I would, of course.

Senator KUCHEL. The entire unpaid obligation. Even those that would fall due in the 25 years would still constitute in the Treasury Department's opinion a part of our indebtedness.

Mr. ELLIOTT. That is my personal guess, but I have to put it on the basis of a guess. The Treasury Department would know far more about that, sir, than I.

Senator BUSH. I think you ought to get that information for us.

Mr. ELLIOTT. All right. I will be glad to get it from the Treasury Department and supply it.

(The information requested is as follows:)

THE GENERAL COUNSEL OF THE TREASURY,
Washington, February 2, 1954.

HON. THOMAS H. KUCHEL,
Chairman, Subcommittee on Public Buildings and Grounds,
Committee on Public Works,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: The General Counsel of the General Services Administration has informed me that at the hearings on H. R. 6342 before your subcommittee on January 21, 1954, you requested advice whether the obligations created by lease-purchase contracts such as those the bill would authorize would come under the statutory debt limit.

Section 21 of the Second Liberty Bond Act, as amended (31 U. S. C. 757b), places a limit upon the face amount of obligations issued under that act and of obligations guaranteed as to principal and interest by the United States. The legislative history of the statute makes it clear that the obligations covered, in addition to those issued under the act, are those created by borrowing under a statute which specifically provides that the obligation shall be guaranteed as to principal and interest by the United States.

The lease-purchase contracts which sections 101 and 202 of H. R. 6342 would authorize would be ordinary contractual obligations like those created by any present lease or purchase contract of the Government and would not be included within the debt limit.

Very truly yours,

ELBERT P. TUTTLE, *General Counsel.*

Senator GORE. Off the record.

(Discussion off the record.)

Senator KUCHEL. Are there any more questions?

Senator BUSH. I would like to ask one more question. Outside of post-office buildings you speak of warehouses. Where are all of these warehouses for storage purposes and for records?

Mr. REYNOLDS. That is for the Federal Supply Service. That has been concentrated now in General Services Administration under the Federal Supply Service for common-use items for the Government. They buy all kinds of things.

Mr. ELLIOTT. I wonder if I could explain that? The term "warehouse" is a little bit misleading. They are not warehouses in the ordinary sense of dead storage. What they are really are mail-order storehouses. We conduct what is in effect a mail-order operation out of these warehouses that we constantly fill relatively small requisitions for the various agencies from, very similar to the operation Sears, Roebuck is conducting. That is one of the difficulties. That type of space is not normally available.

Senator BUSH. May I ask if you could give me such a list of such installations in my State of Connecticut? I would like to visit some of those this summer.

Mr. REYNOLDS. We will, if there is one there; but the three warehouses I had in mind a moment ago where we could save a half a million dollars are located—one in San Francisco, one in Seattle, and one in the outskirts of Washington, D. C.

Senator BUSH. Is it just for those buildings you would use this type of lease-purchase?

Mr. REYNOLDS. No. You would use it where you had a demonstrated need, and it was difficult to get reasonable space.

Senator BUSH. Do you have any installations outside of post offices in the State of Connecticut, for instance?

Mr. REYNOLDS. Well, yes. You see, we have courthouses and all that sort of thing, that come in our jurisdiction. Federal courts.

Senator BUSH. And revenue buildings.

Mr. REYNOLDS. Yes.

Senator BUSH. And do they run those buildings, or do you?

Mr. REYNOLDS. We do. If it is a combined post office and office building, of which there are many in Connecticut, of course, if 50 percent or more of the volume of the building is used by the post office, it is operated by the Post Office Department. If not, it is operated by us. It is just a division there. But the Post Office and ourselves provide the basic space for all departments and agencies of the Government, that is, general-purpose space. That is not on military and naval reservations and does not include veterans' hospitals.

Senator BUSH. Just one more question. Supposing this bill were passed. How many projects do you have in mind approximately at the present time that you would immediately be interested in under this type of legislation?

Mr. REYNOLDS. At the moment we have no particular project that we have in mind. I was asked that question by the chairman of the Public Works Committee of the House. My answer was probably 6 or 7 in a year.

Senator BUSH. A year?

Mr. REYNOLDS. That is right.

Senator BUSH. And those would vary in size, I suppose.

Mr. REYNOLDS. That is right.

Senator BUSH. Or would they mostly be big projects?

Mr. REYNOLDS. They would be large projects.

Senator BUSH. It does not pay to do it on a small project?

Mr. REYNOLDS. No, it does not pay to either. When you come to office buildings and things like that if you have a limited demand—we know that up to 25 to 50,000 square feet you should not build for that because you have no flexibility of use. Here in the District of Columbia I recommend that buildings have a minimum of 400,000 square feet, so you have flexibility of change. One bureau goes down and another up, and you can move them around without too much difficulty. But if you have a single-purpose space where a Department wants 150,000 square feet, you build that.

By the time they move in they either need 170,000 or 130,000, and so they should be larger, which gives you freedom of movement and use.

Senator BUSH. May I ask a question off the record?

(Discussion off the record.)

Senator BUSH. Can you get rid of these temporary buildings around Washington and still have adequate space to operate this Government?

Mr. REYNOLDS. No. The space available for rental here is totally inadequate for we are renting 3 million square feet, or a little less in the District of Columbia. We rented up to 7½ million during the war. We have 53,000 people in temporary buildings. Some of them do not have to be torn down because they are not all on the Mall. The appropriations subcommittee of the Senate is making an inquiry now as to what can be done at least in order to clear the central view of the Mall. They are a complete disgrace to have there, as you know.

Senator BUSH. Yes, I sure would like to have them out of Constitution Avenue, I know, and that area there.

Mr. REYNOLDS. Off the record.

(Discussion off the record.)

Senator KUCHEL. Are there any further questions, gentlemen? We have a half a dozen witnesses here.

Senator BUSH. No questions.

Senator KUCHEL. Thank you very much.

Mr. Ormonde Kieb, the Assistant Postmaster General.

STATEMENT OF ORMONDE A. KIEB, ASSISTANT POSTMASTER GENERAL IN CHARGE OF THE BUREAU OF FACILITIES, ACCOMPANIED BY WENDELL CAMPBELL, SOLICITOR'S OFFICE, OFFICE OF THE POSTMASTER GENERAL; AND IRVING THOMAS, ADMINISTRATIVE AIDE, BUREAU OF FACILITIES

Mr. KIEB. My name is Ormonde A. Kieb. I am Assistant Postmaster General in charge of the Bureau of Facilities. I have with me today Wendell Campbell, from our Solicitor's office, and Irving Thomas, an administrative aide, of the Bureau of Facilities.

Senator KUCHEL. All right, gentlemen.

May I first say I have just been handed the Bureau of the Budget's letter to this subcommittee, in which it is pointed out to me that that Bureau recommends, if we give favorable consideration to this legislation, the substitution of the provisions of either H. R. 6342 or S. 2457 for those now appearing in S. 2041.

The Chair would appreciate it if you, Mr. Kieb, or someone here in the room who will testify later on, would develop any of the suggestions along the lines of the Bureau of the Budget.

That letter will be incorporated in the record.

(The letter of the Bureau of the Budget is as follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., July 24, 1953.

Hon. THOMAS H. KUCHEL,

*Chairman, Subcommittee on Buildings, Committee on Public Works,
United States Senate, Washington, D. C.*

DEAR SENATOR KUCHEL: This will acknowledge and thank you for Mr. Bassett's letter of July 20, inviting the Bureau of the Budget to present its views on S. 2041.

S. 2041 is concerned with what has come to be known popularly as lease-purchase agreements. It would authorize the Administrator of General Services, under certain specified conditions, to negotiate and enter into purchase contracts for buildings the titles of which would pass to the United States at the expiration of the lease period. The maximum lease period would be 25 years.

The Bureau of the Budget believes that the principle of lease-purchase legislation is agreed to by the Federal agencies affected by it. We also believe that statutory authorization for entering into lease-purchase agreements would provide an effective means of acquiring badly needed space for Federal activities without entering into an extensive building program which would add materially to Government expenditures at a time when every effort is being made to reduce Government expenditures.

Various bills have been under consideration in both Houses of Congress. The purpose of all of them is the same, with the exception that in one of the measures pending before the Post Office and Civil Service Committees an additional feature of long-term leasing authority is incorporated.

In the interest of obtaining consideration of all of the issues involved in such legislation at one time and in one bill, the House committees concerned have reached agreement, we have been informed, and will support H. R. 6342 recently reported from the House Committee on Public Works. This bill incorporates lease-purchase authorities for the Administrator of General Services and the Postmaster General, and also includes the long-term lease authority for the Postmaster General.

An almost identical bill, S. 2457, was introduced and reported favorably by Senator Dirksen, on behalf of the Committee on Government Operations, on July 23. In the light of the foregoing facts and circumstances, the Bureau of the Budget recommends substitution of the provisions of either H. R. 6342 or S. 2457 for those now appearing in S. 2041.

Sincerely yours,

ROWLAND HUGHES, *Assistant Director.*

Mr. KIEB. I would like the committee to know this is one of my first appearances before a Senate committee, having been approved by the Senate on Friday and having been sworn in on Saturday. I am a neophyte in this job.

Senator KUCHEL. We have a couple of neophytes on this job here too.

Mr. KIEB. However, I do come to the Post Office Department with 30 years of experience in acquisition across the country and in Canada in the appraisal of property and the handling of it and placement of it for some of the large insurance companies, so that my business background, I think, would back up the things I would like to talk about with you.

I have prepared, or we have prepared here, a rather lengthy statement analyzing S. 2041. I have extra copies here and I would like to suggest, with your permission, that we put those in the record, and then just discuss the bills from their various angles.

We are pleased to be invited to come. We favor this legislation. We would like to suggest some amendments which would follow the lines of H. R. 6342, and the lines of the bill which was introduced yesterday by Senator Dirksen, S. 2457. Those two bills are almost exactly identical, except for the title.

I would like to point out to you in the development of H. R. 6342 the House Post Office Committee, the House Public Works Committee, the Post Office Department and the General Services Administration through Mr. Mansure and myself, and our staffs, the Bureau of the Budget and the General Accounting Office, have worked together to develop that bill and to provide the kind of tools that we feel Government agencies handling real estate should have. Both in the General Services Administration, that is, and the Post Office Department. We feel that the Post Office Department, because they are handling service-type properties designed for use by the Post Office Department, should remain within the determination of the Postmaster General, who is best able to determine the kinds of properties we need, and where we need them. We feel that our present tools are inadequate and that a lease-purchase provision would be an additional invaluable tool in the kit of tools we have to use in the real-estate business.

We also feel further straight-leasing tools are very advantageous. We find ourselves circumscribed so we are limited to 20 years on some leases, which precludes us from using a vast pool of insurance company investment money on direct investments to some degree. We feel if we were able to make leases that had a basic amortization period of, let us say, 20 years, and then could move into a series of 5 or 6-year renewal options, that we could break that rental rate materially over that period of time, and at the same time give the Department the flexibility which it should have over the latter parts of the lease; because our needs change from time to time. If we had to move we would like to have a chance to move out and go somewhere else, and we also want the opportunity to be able to get the cheapest possible rentals we can get.

We probably would not use the lease-purchase tools very much. It would be limited largely, it seems to me, to post office buildings themselves in medium-sized cities around the country, where we knew we were going to stay put, and where the development of that city and town indicated the kind of basic headquarters we needed to operate from. Then we would use the lease-purchase tool because we could work it out so that eventually the property would come into the possession of the Government. It would be a building we could feel would have more permanency than a lot of our special type buildings.

Senator GORE. How would economies result to the Government through a lease-purchase contract on a newly constructed post office building?

Mr. KIEB. Well, let us take as a comparison, or a beginning point, a Federal public building—a typical Federal public building that has been designed principally as a post office, with 1 or 2 small other Government offices in it.

Those buildings have been located pretty much in the past on high-cost land in the center of a city and in the populated centers of a city.

Senator GORE. Where they must be, according to the generally accepted custom to make them available to the business and community life.

Mr. KIEB. That has been the case in the past. That is right. But the land is expensive. We regard the building costs in that type of construction to be quite a bit higher than we would have to use if we would use mortgage financing; and where there was any risk whatsoever that the lender of the money had to take that building back he would want to know it had diverse uses. Consequently, during a lease-purchase program he wants to have a building that he is putting his money in that has some opportunity for him to rent it in back of the lease. I am saying that in spite of the fact that the United States Government security is the best in the country, and they are undoubtedly the best credit in the country, bar none.

Come over on the other side of the picture. If we went into a lease-purchase type of deal we would probably not be in the 100 percent location. We would perhaps be around the park, or a prominent place adjacent to the business area, but not right in the middle of it. I think we could use slightly less expensive land.

I am now talking only of post office buildings in comparatively small places. I would build a building instead of costing from \$25 to \$50 a square foot, that could be built for \$8 or \$10 a square foot in a contemporary design, either colonial or some other contemporary design, that would match the type of town it is in, but not like these buildings with heavy monumental and ornamental character and with many breaks in the walls and mawk breaks in the roof.

It would be a building that was designed principally for all-out use rather than a monument. It would still have character and great character. However, they would cost less money.

When we begin to use private money and the best credit in the country we borrow that money at the lowest possible interest rate and charge it off over 20 years. I think we can borrow money for Uncle Sam today even at a slightly increased price market for money, where rates have gone up to some degree—I think we can still make some deals at $4\frac{1}{8}$ and $4\frac{1}{4}$ on the interest rate, which means if we go into a

20-year lease purchase we can pay that building off with a constant monthly payment annually on a $7\frac{1}{2}$ percent cost. The cost should be lower to begin with, and $4\frac{1}{4}$ and $4\frac{1}{8}$ percent interest rates. This is on a direct-purchase policy of the insurance company where they are investing 3 to 5 percent of their admitted assets in direct investments.

At the end of the period the property would come into the possession of the Government.

Senator GORE. If the Post Office Department or the Government would find it desirable to construct or to contract for the construction and eventual purchase of a building of a specific design at a given location, why could not the same Government and the same Department modify its own designs for utility?

Mr. KIEB. We have since I have been there. I must admit it is quite a radical change from the designs of record in our engineering department. I can illustrate with a small town in New York State. We are not allowed to own property at the present time, and we do not buy it. It is done through the General Services Administration.

Senator GORE. I understand that.

Mr. KIEB. We do not design those buildings. We merely give the General Services Administration a space budget as to how many square feet of space we need, and it has been designed in another agency, which is a duplication of work to some degree and is an extra cost to the project.

Senator GORE. I have done a small amount of building, and as superintendent of the county school system I went for a rather extensive building program of that nature. I always found that the proper location was probably the cheapest thing we could get.

I am wondering if you are sacrificing the utility and community value and service value of a post office building when you go to the back side of a park or some secondary location.

Mr. KIEB. We certainly would not take a post office to that type of location, sir. I made this point to point out that the lease-purchase phase of these bills was a tool we could use to great advantage in certain circumstances. But the tool we desire to get most is an extension of our leasing authority for special-purpose buildings out on the peripheral parts of town. We are carrying our mail into the center of town from the railroad and sorting it there, and then reshipping a lot of it back to the railroad. We feel by building special-purpose types of buildings at the heads of the transportation, such as airfields or railheads, we can sort the mail there and never carry it into the center of that town, which is a densely populated and congested area. We would not have to carry in any of the mail except that to be distributed there. We can drop it off even at stations on the way in.

Therefore, we can reduce the traffic in the center of the city, and we can increase our carrying time. Also, we can increase the efficiency of our operations with such operations.

So that we do not feel as though the lease-purchase portion of this bill is the thing of vital importance to us. I am pointing out we would use it probably much less often than we would use the extension of our leasing privileges.

Senator GORE. I would like, however, to explore that subject just a bit further.

A few moments ago you referred to the probable interest rate at which securities could be sold. It would be obvious, would it not, that

in the lease-purchase contract the cost of interest rate on invested capital would be reflected in the price you would pay?

Mr. KIEB. No question about it.

Mr. GORE. Then if the Department, or if the Government could borrow money at a lesser rate and construct the building, the same building on the same site, would it not result in the 25-year period in an economy for the Government?

Mr. KIEB. There is no question about it. The Post Office Department, however, has no authority to acquire land and to build buildings on it as a Government-owned project. There have been no appropriations for it, I understand, since Pearl Harbor.

Senator GORE. I understand that. And, consequently, if the Department—and I speak of the Post Office Department and the Government in interchangeable fashion—

Mr. KIEB. Surely.

Senator GORE. If the Government needs a building at X site of B specifications, the obvious course of economy is to borrow the money at the cheapest rate and construct the building that the Department needs.

Mr. KIEB. I believe you are absolutely right, sir. There is no question but what a Government interest rate for the use of money is much less than you could get under a mortgage term. The difficulty, however, from our practical viewpoint here today, in trying to modernize our postal facilities of some 43,000 towns and hamlets of the United States and possessions and to take care of the transportation of mail in between those jurisdictions, we need new, modern aircraft and need it as rapidly as we can get it. There is not any such building program available to us. If there was, it would probably involve some duplication of work, unless that authority were available to us.

Senator GORE. Would you recommend such a building program?

Mr. KIEB. I think that is in the wisdom of the Senate and the Congress. I am interested in the Post Office Department and its immediate future.

Senator GORE. That is all, Mr. Chairman.

Mr. KIEB. I would like to go on, if I may, for a minute, to explain to the committee some of our problems with relation to our leasing of public buildings.

As we now have to operate, and we want to locate a property in a certain town, we draw a circle around that property of 6 or 8 blocks, and we have to advertise for that property and a bidder comes in and prepares the building for us and gives it to us on a rental basis.

Senator HOLLAND. For how long a period of time?

Mr. KIEB. Up to 20 years on everything but garages. On garages, I understand, we may make longer leases, which we do not feel to be desirable.

Senator HOLLAND. In other words, you have the privilege now of entering into a lease for 20 years?

Mr. KIEB. That is right.

Senator HOLLAND. Under this bill would that period be extended?

Mr. KIEB. It would in order to let us take option beyond that time.

Senator HOLLAND. To what time?

Mr. KIEB. There is no special limitation. As a matter of practical use, we are not allowed to take option beyond the 20-year period, and we find ourselves many times coming to the end of the lease and having no renewal options. We have found ourselves being held up for a higher rental.

We were in a building which was obsolete and still have a lease on it and have to carry it through.

We believe if we could have a basic leasing period of option we could do better. Therefore, our bill asks for that kind of authority.

The first thing we would do, however, is stop the obvious speculation which comes from this bidding process. I say that because one bidder comes in and gets a good site, and then he immediately goes around and gets options on the other sites in the area. When the other bidders come in they bid on it and they bid the cost of that land up, so that our rent goes up and we usually end up with one bidder, because the rest have been frozen out. The price is high because of that.

In this later phase the last half of the second section is designed to eliminate that and stop the speculation by giving the Department an opportunity to go in and survey and plan and change the site, and buy it if necessary, and then sell it back to a bidder, giving him the space budget planning specification, so that he buys it from us at our cost, which is fixed and limited. Then the competitive factors can come in, with real competition to build that building on that site, and give us the best kind of a lease we can get.

We have a rental budget today of about \$27,500,000. In this year's appropriation there is about \$5 million of new money to go into the extension of the services and the modernizing of facilities. I have analyzed some 300 or 400 of the last 2 years' cases. We do an average of 10 to 17 leases today in the Post Office Department, per working day, which have to be negotiated among older properties, of course. But our average rental is 10.68 percent.

Senator KUCHEL. On a 20-year basis?

Mr. KIEB. No. These vary. They run from 1 to 20.

Senator KUCHEL. It is on an average?

Mr. KIEB. The average.

Senator KUCHEL. What is your shortest leasehold?

Mr. KIEB. We make month-to-month leases, but I am not considering those as a lease proposal. I am considering it as continuing from month to month, which is a rental—and I differentiate in my thinking because you cannot use it as any kind of an index. Our leases run from 1 to 20 years. Most of them run about 10.

Senator KUCHEL. About 10?

Mr. KIEB. About 10.

Senator KUCHEL. What would your percentage be, in your judgment, if you had a 25-year lease-purchase?

Mr. KIEB. The point I am making is, we pay 10.68 percent. I think we could break our rental rate anywhere from 1 to 2½ to 3 percent, and when we begin to think in terms of having just so much money to expend on facilities which we need so badly, that 1 or 2 percent means we can spread this money out further and do a better job of modernizing our facilities.

Senator KUCHEL. You mean your testimony is that by increasing the rental period from a maximum of 20, or an average of 10, to 25,

and reducing by 2 to 3 percentage points your periodic payments, you can then acquire title to the property in fee?

Mr. KIEB. The lease purchase would cost us a little more than that.

Senator KUCHEL. You are talking about—

Mr. KIEB. It is the leasing section of H. R. 6342.

Senator KUCHEL. In other words, the opportunity you would have under the bill if you eliminated the ceiling of 20 years entirely?

Mr. KIEB. That is right, and if you gave us authority to go in and control the land and then sell it off.

Senator KUCHEL. What would your figure be under a lease-purchase situation?

Mr. KIEB. A lease-purchase situation would run for interest and amortization about, and this will vary with the market from time to time, it may go up or come down, but today I would say it could be done for $7\frac{1}{2}$ or $7\frac{5}{8}$.

Senator KUCHEL. As against 10 which you pay today?

Mr. KIEB. This is interest and amortization.

Senator KUCHEL. Yes.

Mr. KIEB. To which we must add 1 percent for maintenance of that structure and insurance; to which we must add approximately 1 to 2 percent for taxes. So that I think on the lease, that we would probably be very fortunate if we were able to reduce that to $9\frac{1}{2}$ to 10 percent. However, at the end of the period the title comes to the Government.

Under the leasing program, of course, taxes are paid, and we think they should be paid. We think the municipality should be paid for the police protection and the fire protection and the streets we use up. I personally feel, after all, we should not take properties off the tax rolls if we can avoid it, because we throw the burden back on a single municipality when it should be spread over the whole postal system and should be reflected in our costs.

If we go into lease-purchase, of course, the taxes would be probably paid. I understand there are 2 or 3 lines of thinking among our attorneys in that respect, but in my opinion they would probably be paid through the life of the contract, and then the property would go off the rolls.

Senator KUCHEL. It would still be an ordinary rental agreement until they transferred title to you?

Mr. KIEB. That is right.

Senator GORE. It might or might not be.

Mr. KIEB. I explained there is a difference of opinion, and I am merely giving you my personal opinion. The language of the bill provides, of course, that taxes shall be paid during the leasing period.

Senator GORE. Of course, you know there are various contracts and contract devices designed to affect the relationship of the contract to the Internal Revenue Bureau also.

Mr. KIEB. Yes. I have had some experience on the other side of those deals.

Senator KUCHEL. Will you proceed, Mr. Kieb.

Mr. KIEB. I would like, if I may, to point out to you that jurisdictional questions between committees are none of our affairs and we do not want to make it any of our affair.

Senator KUCHEL. I do not even raise that point. This hearing is being held because the chairman of my committee requested it to be held.

Mr. KIEB. I just want to point out to you we need these kinds of tools if we are going to modernize the Post Office Department and service. If we are going to follow the President's desire that the postal service continue with increased efficiency we need this kind of tools.

Over on the House side H. R. 6342 was developed this year. I know nothing of the history of the other bills. I would like to hope that nothing else would prevent us from getting this kind of legislation.

Senator BUSH. Has this bill been passed by the House?

Mr. KIEB. H. R. 6342 I understand is on the calendar today.

Senator KUCHEL. Have you concluded?

Mr. KIEB. Yes. And I have put a complete copy of my statement into the record.

Senator KUCHEL. A copy of your statement will be made a part of the record.

(The statement of Ormonde A. Kieb is as follows:)

STATEMENT OF HON. ORMONDE A. KIEB, ASSISTANT POSTMASTER GENERAL, BUREAU OF FACILITIES

Mr. Chairman, and members of the Subcommittee on Buildings, I wish to express the appreciation of the Post Office Department for the opportunity of testifying on the bill introduced by Senator Martin, S. 2041, to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings for housing of Federal agencies or departments, including post offices, by executing purchase contracts, and for other purposes.

This bill would provide, in substance, for the acquisition of title to real property and the construction of public buildings by the Administrator of General Services by means of lease-purchase agreements for the accommodation of activities of the Federal Government. This authority would be included in a new section 411 to be added to the Public Buildings Act of 1949 (approved June 16, 1949; 63 Stat. 176).

Under the language incorporated in section 411 (a) the Administrator would be authorized to obtain and provide space, with the approval of the Postmaster General, for activities of the Post Office Department. This provision might be construed as prohibiting the Post Office Department from obtaining such additional space as it may require unless this space was acquired by the Administrator through lease-purchase agreements or unless it was obtained by this Department after the Administrator had determined that acquiring property by lease-purchase agreements would not be in the best interests of the United States. These restrictions would constitute real handicaps in the operation of the Post Office Department should the views of the Administrator as to the requirements for postal space not coincide with those of the Department. In order to achieve efficient and economical operations, the Post Office Department must have freedom to determine its needs for space in any particular area without the approval of other departments of the Government whose programs may not be designed to take care of the ever-changing needs of an organization such as the Post Office Department.

Subsection (b) of section 411 would authorize the Administrator to exercise the powers granted by this subsection with respect to, among other things, "properties upon which construction is to be subsequently effected in pursuance of the termination of applicable purchase contracts." Subsection (c) would authorize the Administrator "to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration," including the demolition of obsolete structures or by providing for the construction of such other structures and facilities as shall be the subject of applicable purchase contracts. Taken together, these provisions could be construed to repose in the Administrator the authority to make

future decisions with reference to the disposition of post office facilities acquired under section 411 and the construction of new ones. These provisions might be so construed even though at some future date the Post Office Department might be authorized to enter into lease-purchase agreements.

S. 2041 is similar to the bill introduced in the House by Congressman McGregor as H. R. 5406. As this committee no doubt is aware, that measure, H. R. 5406, has been superseded by H. R. 6342, also introduced by Congressman McGregor.

H. R. 6342 combines in one bill, as title I, the lease-purchase provisions relating to the General Services Administration, and, as title II, the lease-purchase and other needed provisions relating to the Post Office Department.

The provisions contained in the legislation are the result of extended study and discussion between representatives of the General Services Administration, General Accounting Office, Bureau of the Budget, and the Post Office Department. The legislation has grown out of recommendations made from many viewpoints.

Title I of the legislation relates to matters under the jurisdiction of the Administrator of General Services.

This title provides, in substance, for the acquisition of title to real property and the construction of public buildings by the Administrator of General Services by means of lease-purchase agreements for the accommodation of activities of the Federal Government, except accommodations for activities of the Post Office Department. This authority would be included in a new section 411 to be added to the Public Buildings Act of 1949 (approved June 16, 1949; 63 Stat. 176).

The exception with respect to accommodations for activities of the Post Office Department is necessary to leave the Postmaster General unhampered in the performance of the functions vested in him by title II of the legislation. However, under the authority contained in subsection (g) of new section 411 of the Public Buildings Act of 1949, the Postmaster General is vested with authority to utilize the services of the Administrator of General Services in the procurement of property for postal purposes, when this would be in the best interests of the Government. Such authority, of course, is necessary to enable the Postmaster General to procure space for postal purposes in general purpose Federal buildings.

Title II of the legislation relates to the Post Office Department.

The purpose and intent of this title is to authorize the Postmaster General to enter into two types of leaseholds (lease-purchase and term lease agreements); not presently permissive, in the procurement of space to be used exclusively by the Post Office Department.

Historically, the Post Office Department has obtained its space needs through Government construction or by rental of privately owned space. With no Federal construction of postal space since 1941, the ever-expanding need for the several types of modern postal facilities has been met through renting or leasing from private ownership. With no appropriations for Government post office construction apparent in the foreseeable future the necessity for leasing of postal facilities will continue and increase.

In the interest of better leasing and rental economy, it is imperatively important that the Postmaster General be given every device, tool, and technique commonly in present use by private business whereby there may be negotiated the most advantageous leasehold for the United States Government.

The provisions contained in title II of the legislation, which are the result of extended study and discussion between this Department and representatives of the General Services Administration, General Accounting Office, and the Bureau of the Budget, will vest authority over the procurement of space to be used exclusively for postal purposes in the Post Office Department, the Department which is held responsible to the Congress for the efficient and economical operation of the mail service of the United States.

Under the terms of this title, this Department will be in a position to provide much needed space and modern facilities either by lease-purchase agreements whereby the title to the property will vest in the United States at the end of the lease term, or if more advantageous to the Government, to provide such space through term lease agreements. This will enable the Department to take advantage of competitive open market construction of buildings for postal purposes; take advantage of long-term amortization; take advantage of the use of private capital; and obtain control of the best sites available for the purpose desired and thus eliminate option speculation.

The legislation to which I refer, and which has been approved by the General Services Administration, Bureau of the Budget, General Accounting Office, and the Post Office Department, provides, as follows:

"TITLE I—GENERAL SERVICES ADMINISTRATION

"SEC. 101. The Public Buildings Act of 1949 is amended by (1) redesignating section 411 thereof as section 412, and (2) inserting, immediately after section 410 thereof, the following new section:

"SEC. 411. (a) Whenever the Administrator of General Services determines that (1) the needs for space for the permanent activities of the Federal Government in any particular area cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for the accommodation of activities of the Government in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), except for the accommodation of activities of the Post Office Department, by negotiating and entering into purchase contracts, the terms of which shall not be less than ten nor more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the contract term and upon fulfillment of the terms and conditions stipulated in each of such purchase contracts. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of installment payments made thereunder including provision for the exchange of surplus real property or real property which may become surplus as a result of such agreement, where the Administrator determines that the best interests of the Government in economy and efficiency of operation will be served.

"(b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

"(c) The Administrator of General Services is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demolition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable purchase contracts.

"(d) Each such purchase contract shall include such provisions as the Administrator of General Services, in his discretion, shall deem to be in the best interests of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States: *Provided*, That no such agreement may provide for the payment by the United States in pursuance of the terms thereof of moneys in an aggregate annual amount in excess of 15 per centum of the appraised fair market value of the property at the date of the purchase contract, or in the case of property where construction shall not have been completed at that date in excess of 15 per centum of the fair market value at the date of completion of such construction.

"(e) No proposed purchase contract agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, thirty days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

"(f) Funds now or hereafter available for the payment of rent and related charges for premises, whether appropriated directly to the General Services Administration or to any other agency of the Government and received by said Administration for such purpose, may be utilized by the Administrator of General Services to make payments becoming due from time to time from the United States as current charges in connection with agreements entered into under authority of this section: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the contract term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized: *Provided further*, That the value of any Government real property to be exchanged under any such agreement may be credited at time of exchange to the payments to be made by the United States thereunder: *Provided further*, That Government real prop-

erty to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall, except as provided in section 205 of the Post Office Department Property Act of 1953, be covered into the miscellaneous receipts of the Treasury of the United States.

“(g) When requested by the Postmaster General, the Administrator of General Services is hereby authorized to exercise the authority vested in him by this section (1) to acquire property for postal purposes, or (2) to provide space for postal purposes in buildings acquired under this section for other purposes.

“(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

“(i) If any provision of this section or the application thereof to any person or circumstances is held invalid, the remainder of this section and the application thereof to other persons or circumstances shall not be affected thereby.

“(j) (1) Section 302 (c) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to purchase contract agreements entered into under this section, except that any such agreement may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

“(2) Except as provided by paragraph (1) of this subsection, sections 3733, 3734, and and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); section 3 of the Act of August 27, 1935, as amended (60 Stat. 257; 40 U. S. C. 304c); section 407 of this Act; and any other provision of law (except applicable labor standards provisions) relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to purchase contract agreements executed under this section.

“SEC. 102. It is not the intention of the Congress that the program authorized by this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the Federal Government.

“SEC. 103. This title may be cited as the ‘Public Buildings Purchase Contract Act of 1953’.

“TITLE II—POST OFFICE DEPARTMENT

“SEC. 201. It is the purpose of this title to supplement existing provisions of law for the leasing of space for postal purposes by providing authorization for the acquisition by the Postmaster General of such space through the execution of lease-purchase and other agreements under which the United States will obtain immediate use of such space and will make periodic payments, and in the case of lease-purchase agreements will obtain title to the property described therein at or prior to the end of the term prescribed therein. It is not the intention of the Congress that the program authorized by section 202 of this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the postal service.

“SEC. 202. (a) Whenever the Postmaster General determines that (1) there is a substantial need for space for postal purposes in any particular area which cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, (2) the receipts of the post office serving such area exceed \$10,000 per year, and (3) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for postal purposes in suitable structures of permanent-type construction in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), by negotiating and entering into lease-purchase agreements, the terms of which shall not be less than ten nor more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the leasehold term and upon fulfillment of the terms and conditions stipulated in each of such lease-purchase agreements. Such terms and conditions shall include provisions for the application to the purchase price agreed upon therein of rental payments made thereunder. Such payments under any such agreement may include amounts for the amortization of the fair market value on the date of such agreement of the property described therein. The

financial transactions of the Post Office Department with respect to such lease-purchase agreements shall be subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first Congress, second session).

"(b) The Postmaster General is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements.

"(c) The Postmaster General is authorized to enter into agreements, with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land purchased by the United States for postal purposes, including the demolition of obsolete and outmoded structures situate thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable lease-purchase agreement.

"(d) Each such lease-purchase agreement shall include such provisions as the Postmaster General, in his discretion, shall deem to be in the best interest of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States.

"(e) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General to make any payments becoming due from time to time from the United States in pursuance of lease-purchase agreements entered into under the authority of this title: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any lease-purchase agreement prior to the expiration of the leasehold term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized.

"Sec. 203. (a) Notwithstanding any other provision of law, the Postmaster General is authorized to—

"(1) negotiate and enter into lease agreements with any person, copartnership, corporation, or other public or private entity, on such terms as the Postmaster General deems to be in the best interests of the United States, for the erection by such lessor of such buildings and improvements for postal purposes as the Postmaster General deems appropriate, on lands sold, leased, or otherwise disposed of by the Postmaster General to, or otherwise acquired by, such person, copartnership, corporation, or public or private entity;

"(2) for the purposes of paragraph (1) of this section, and without regard to the Federal Property and Administrative Services Act of 1949 (Act of June 30, 1949, ch. 288, Eighty-first congress, first session), as amended—

"(A) acquire by purchase, condemnation, lease, donation, or otherwise, and on such terms as he shall deem appropriate to the best interests of the United States, real property and interests therein, for use for postal purposes; and

"(B) dispose of real property, and interests therein, acquired for use or used for postal purposes by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States.

"(b) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General for the purposes of this section.

"Sec. 204. The Postmaster General may, at the time he enters into any lease-purchase or lease agreement under authority of this title, include in such agreement a provision for adjustment of the rental paid to any lessor to compensate for any increase or decrease in taxes on the leased property.

"Sec. 205. Amounts received by the Government from sales, leases, or other disposals of property acquired in the performance by the Postmaster General of the functions vested in him by this title shall be credited to the current applicable appropriation of the Post Office Department and shall be available for expenditure for the purposes of this title.

"Sec. 206. The Postmaster General shall take title, on behalf of the United States, to all real property purchased by him under authority of this title.

"SEC. 207. (a) Section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to the acquisition in fee simple of real property under this title, except that any lease-purchase agreement to acquire real property under this title may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the real property described therein.

"(b) Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall apply (1) to the acquisition of real property by lease-purchase agreements, under authority of section 202 of this title, and (2) to the lease agreements entered into under authority of paragraph (1) of section 203 (a) of this title.

"(c) Except as provided by subsections (a) and (b) of this section, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); and any other provision of law (except applicable labor standards provisions) relating to the acquisition or disposal of real property, construction of buildings, or leasing of space, shall not apply to any of the functions performed by the Postmaster General in effectuating the purposes of this title.

"SEC. 208. No agreement shall be entered into under this title later than a date ten years after the date of enactment of this title.

"SEC. 209. The Postmaster General shall include in his annual report an account of transactions conducted during the applicable year pursuant to the provisions of this title.

"SEC. 210. This title may be cited as the 'Post Office Department Property Act of 1953'."

There is no conflict or inconsistency between the provisions of title I and title II of the legislation. To the contrary, they present the complete authority necessary for a well-rounded procurement program. Title I will provide the Administrator of General Services with modern tools, and title II will provide the Postmaster General with modern tools. Both titles will eliminate duplication and conflict in operation and will provide flexibility for cooperation between the two Departments.

It is not possible to estimate the savings that will result from the enactment of such legislation. However, it is believed that the enactment of such legislation will result in substantial savings to the Government.

This Department strongly favors this legislation and urges its early enactment.

If S. 2041 is to be considered in lieu of H. R. 6342, it is respectfully recommended that S. 2041 be amended to incorporate the language of the legislation set forth above.

Again, Mr. Chairman, I wish to express my appreciation for the opportunity of appearing before your committee with respect to this legislation.

Senator KUCHEL. Are there any questions?

Senator GORE. I want to suggest that we give the gentleman an A on his first appearance.

Senator KUCHEL. Yes. Without objection.

Mr. KIEB. Thank you, sir.

Senator KUCHEL. Thank you very much, Mr. Kieb.

Mr. John H. Martiny, legislative attorney for the General Accounting Office.

Do you have a prepared statement to make?

**STATEMENTS OF JOHN H. MARTINY, LEGISLATIVE ATTORNEY,
GENERAL ACCOUNTING OFFICE; AND GORDON B. RATH, AT-
TORNEY, OFFICE OF THE GENERAL COUNSEL, GENERAL ACCOUNT-
ING OFFICE**

Mr. MARTINY. I have a short statement. I could submit it for the record and discuss the bill; whichever you prefer.

Senator KUCHEL. Why don't you do that, in the interests of time? We are moving along toward noon.

(The statement of John H. Martiny is as follows:)

STATEMENT OF JOHN H. MARTINY, LEGISLATIVE ATTORNEY, GENERAL ACCOUNTING OFFICE

This legislation is designed to provide authority for the use of funds appropriated for the payment of rents to acquire space for the permanent activities of the Federal Government. The space would be acquired under lease-purchase contracts and ultimate ownership of the property would vest in the United States.

The Comptroller General favors enactment of legislation to accomplish this purpose, and he believes that, in the absence of an active public buildings construction program, substantial economies will be possible if the lease-purchase program is properly administered.

There presently are being considered by the Congress several other bills with provisions somewhat similar to the provisions of S. 2041. The Comptroller General has reported favorably on some of those bills with certain suggested modifications. Also, it is his view that S. 2041 retains adequate financial controls in the Congress.

The bill provides for a uniform lease-purchase program for the entire Federal Government, including the Post Office Department if the Postmaster General approves.

It requires that a proposed project be eligible under the geographical allocation and distribution of buildings set forth in section 102 of the Public Buildings Act of 1949.

It requires application of the installment payments to the agreed purchase price.

It requires a specific appropriation for the final acquisition of title prior to the expiration of the specified contract term.

Also, it specifies a maximum aggregate annual amount which may be paid under any agreement.

I believe it is intended that agreements under this bill be subjected to the advertising requirements of section 302 (c) of the Federal Property and Administrative Services Act of 1949 (41 U. S. C. 252). However, on page 5, line 23, of S. 2041, subsection (g) refers to section 302 (c) of "this Act", which is the Public Buildings Act of 1949. This language I presume will be corrected to refer to the Federal Property and Administrative Services Act of 1949.

As I have stated before, the Comptroller General favors this type of program provided adequate fiscal controls are retained by the Congress, and I wish to say here that he believes that some of the similar bills do not retain adequate fiscal controls in the Congress. However, the ultimate savings to be obtained by using this program in lieu of a rental program will depend solely upon how well the proposed authority is exercised. This is true under any program where such a broad grant of authority as proposed here is given to the head of an agency.

Mr. MARTINY. As you stated, I am John H. Martiny, legislative attorney of the General Accounting Office, and I have with me Mr. Gordon Rath. He is an attorney of the General Counsel's Office and has quite a considerable experience in decisions of the Comptroller General on lease matters.

If you have any questions at all on leasing, he would be glad to answer them, if he can.

I would like to state the Comptroller's position on these bills. The Comptroller General in the prior Congress and in this Congress favors a program of this nature. His interest, of course, is that the Congress retain adequate fiscal controls over the program. He believes that adequate fiscal controls are retained in this Senate bill 2041.

Senator KUCHEL. Does he make that same comment with respect to the House bill we have before us, H. R. 6342?

Mr. MARTINY. No, sir. We have worked with the Post Office Department; we have worked with the House committees; and we favor the program. But we have made ourselves clear all through this

process that we do not favor permitting any agency of the Government, and the Comptroller General has made himself clear on this through the years, that Congress should not divest itself of this appropriation process.

There is one provision in the House bill, and I assume it is also in the Senate bill that was introduced yesterday, that would permit the Post Office Department to use the proceeds of the sale of property and to put those proceeds in the general supply fund of the Post Office Department. Then they could reuse those proceeds without going through the appropriation process. The Comptroller General objects to that and has objected to it from the beginning, and of course that is his suggestion now.

We do not believe that the House bill or the provisions of these bills that apply to the Post Office Department, retain the same controls that are present in the bills that are applicable to the General Services Administration.

We in the General Accounting Office, of course, would like to see more controls. We would like to see the controls that are in the General Services Administration bill. We would much favor those. Of course, we are not objecting to the program for the Post Office Department because we can see there are some differences there. But the only provision we are objecting to now is that provision in there which permits them to use these funds.

Senator BUSH. Can you point that out?

Mr. MARTINY. I would be glad to.

Senator BUSH. Do you have a copy of the bill?

Mr. MARTINY. Yes, sir. I have it here. It is on H. R. 6342, page 12, section 205, reading:

Amounts received by the Government from sales, leases, or other disposals of property acquired in the performance by the Postmaster General of the functions vested in him by this title shall be credited to the current applicable appropriation of the Post Office Department and shall be available for expenditure for the purposes of this title.

In other words, if they had a piece of property in San Francisco, let us say, with good administration, of course, they would not do this. I assume the present administration won't because they know it is involved here, but in the Comptroller General's Office we see all of these various authorities that are given. Over the past years, of course, past history will bear us out that some place along the line there will be poor administration. If they had a piece of property here in San Francisco they could sell it and use the proceeds to buy another piece of property some place else. We object to that and think it is too much authority.

Senator BUSH. What would you do? Take section 205 out of the bill?

Mr. MARTINY. We would recommend that, because the other features of the bill are such that they cannot use their moneys that are appropriated for rentals. They know every year they have to come back and justify their rental appropriation. If Congress believes the program is not progressing fast enough, of course, it is within their discretion to give them more money in that rental appropriation to speed up the program. In that particular way Congress does have some small control over the expediency of the program.

Senator BUSH. Did you recommend over in the House that this section be eliminated?

Mr. MARTINY. We did. It was not in the bill at the time we testified. In our testimony we brought all that to the attention of the committee to the effect that it would not be in the bill. It was put in the bill afterward. It was in an original draft of the legislation and we pointed out to all parties concerned at that time we would object to it, and it was taken out.

We told the House committee that the Comptroller General would definitely recommend against those provisions whenever it showed up in the bill.

Senator BUSH. Is somebody going to move to strike it out there today?

Mr. MARTINY. This bill is already on the floor of the House. It was reported from the Public Works Committee. We did not appear before the Public Works Committee. So you see, we do not really have our bar in against this provision up to this point.

Senator BUSH. We understood they were going to take action on the floor of the House today on the bill.

Mr. MARTINY. That is right.

Senator BUSH. And I was wondering if you knew whether anyone was going to move an amendment to strike it out?

Mr. MARTINY. We have not had the opportunity really to call this to the attention of anybody on the Public Works Committee. The House Committee on Post Offices and Civil Service are quite aware of our stand; and in fact, in informal meetings with the staff and members of the committee we told them the position that the Comptroller General would take on this particular provision.

Senator KUCHEL. Are there any other questions?

Mr. MARTINY. We would be glad to discuss anything else in the bill or any other feature of that, but that is the strongest point in the different bills.

Senator BUSH. Otherwise you think the bill is satisfactory?

Mr. MARTINY. I would not like to comment on that, Senator. We favor the program. Let us put it that way. Personally, at the General Accounting Office we do not think that this H. R. 6342 is what we would call good legislation because of 3 or 4 different features. First, it gives the General Services Administration one program, and under that program that cannot, of course, be delegated to the Postmaster General. Then there is another provision that gives a similar program to the Post Office Department; and in that similar program of the Post Office Department there are not the same controls retained in the Congress over that program of the Post Office Department.

In addition to that, there is another program which gives the Post Office Department unlimited leasing authority. It removes all restrictions.

In the General Accounting Office we do not believe in removing all restrictions. Now, that is in the Post Office Department, where they can lease for 20 years; and under the new program they could lease for 50 or 99 years.

The history back of the limitations in the use of appropriations will bear us out. You asked the question before as to why that 1-year limitation was in there. In the General Accounting Office we know that

Congress has been reluctant to release that control year after year. One Congress likes to be able to take its own action in furnishing appropriations. So that an agency will not go out and bind the Government to a lease for 25 years, and maybe 5 years from now the agency is abolished. Of course, that does not happen in the Post Office Department, so those limitations are not necessarily applicable there.

Senator KUCHEL. Of course, that argument applies with equal persuasion to any lease-purchase recommendations?

Mr. MARTINY. That is right. But here they have to make the recommendation that a permanent-type construction is to the best interests of the Government. When that program is under the control of the General Services Administration then they have the flexibility of allotting that space to another agency that may be in the area.

Senator BUSH. You are not enthusiastic about the bill then, so to speak.

Mr. MARTINY. No, sir. We are not in the General Accounting Office. We are in favor of a lease-purchase program. Let us put it that way. But we are not in favor of—

Senator KUCHEL. You are in favor of it, but you argue against it a little bit.

Mr. MARTINY. Because I think this bill here goes a little further than a true lease-purchase program. A lease-purchase program such as is proposed in S. 2041, we would have no objection to whatever. In this H. R. 6342 some of that program does not contain all of those controls.

Senator KUCHEL. But in S. 2041 it is equally true that up to a 25-year period an agency could bind the Government and future Congresses to a contract.

Mr. MARTINY. That is true.

Senator KUCHEL. So to that extent you take a semi-dim view.

Mr. MARTINY. No. I am not arguing against extending the 1-year leasing period at all. We are not concerned at all with that release of that control. But I could go through the various types of control that are in S. 2041, if you would have me.

Senator KUCHEL. Would you do that?

Mr. MARTINY. First of all, you have the provision in there that a project must meet the qualifications of the Public Buildings Act, I believe section 102. In other words, it has to qualify for congressional districts and the project has to be approved by Congress. That is one of the main features.

Next it requires the application of the installment payments to the final fixed valuation. Of course, that is also true in all of the bills. But in S. 2041 there is a limitation on the maximum aggregate amount. A 15 percent limitation is there which does not appear in provisions for the Post Office Department.

I believe those are the two main features. First, the program must be approved by the Public Buildings Act; and, second, there is an aggregate limitation on the amount of rentals. It is 15 percent of the fair market value.

Senator BUSH. And you favor it?

Mr. MARTINY. The Comptroller General would take a position and he would favor the Senate bill that is under consideration here this morning.

Senator BUSH. But that does not give the Post Office Department the authority they seek?

Mr. MARTINY. No. It does give by delegation of authority, and it would give them a lease-purchase program in conjunction with the General Services Administration. In other words, the authority in S. 2041 could be delegated to the Postmaster General.

Senator BUSH. Oh, it could?

Mr. MARTINY. Under the Federal Property Act.

Senator BUSH. So that he would have the same authority for lease-purchase agreements that he would have under this if he got it from the General Services Administration?

Mr. MARTINY. That is right.

Senator BUSH. We have to get it from them?

Mr. MARTINY. That is right.

Senator BUSH. I suppose the Post Office Department would not like that too well.

Mr. MARTINY. I would not like to answer for them on that, sir.

Senator BUSH. On the other hand, looking at it over a long period of years, it is not such a bad idea.

Mr. MARTINY. We do believe, from our audit particularly, some of our men have reported to me that it would appear that it would be economical for the Government to give the Post Office Department control over their programs. I am sure we could substantiate that. I mean, they know what they want and where they want it; and they do not have to rely on some other agency to get their money for them, which they would have to do almost under a program controlled by General Services Administration.

In other words, a lot of times in their repairs it has been called to their attention where, in order to have some repairs at a particular post office, they have to rely on the General Services Administration getting money for those repairs in some cases, whereas in a program completely under the control of the Post Office Department they could control that and push a particular project if they thought it advantageous to the Government.

Senator KUCHEL. Is that all?

Mr. MARTINY. Yes, sir.

Senator KUCHEL. Thank you. Mr. Randy H. Hamilton, director of the American Municipal Association Washington office.

STATEMENT OF RANDY H. HAMILTON, DIRECTOR OF WASHINGTON OFFICE, AMERICAN MUNICIPAL ASSOCIATION

Mr. HAMILTON. I am Randy H. Hamilton, the Washington office director of the American Municipal Association, an association of nearly 12,000 municipalities in 43 States. I should like to make an off-the-record comment to begin with if I may, Senator.

Senator KUCHEL. Go ahead.

(Discussion off the record.)

Mr. HAMILTON. In view of the shortage of time, I shall confine my remarks to two phases of S. 2041. I will read somewhat extensively from my prepared statement because the American Municipal Association considers this a very extraordinarily important matter.

First, as to the question of policy being newly forged by this bill and, second, as to its specific provisions.

Speaking to my first point, we question the wisdom of establishing a new Federal policy of lease-purchase agreements which makes it easier to remove property from local tax rolls. The Federal Government already has the power of eminent domain. It has the full and complete power of condemnation to accomplish the same purposes as set forth in this bill. But what the bill does is to afford an easy-payment plan, a no-money-down plan, a so-called lease-purchase plan not only to build new buildings but to buy buildings which are already standing, in use, and paying local taxes.

Stress should be laid upon the fact that S. 2041 applies not only to new construction but also to buildings already standing.

Senator BUSH. When would they come off the tax rolls?

Mr. HAMILTON. According to this bill, at or before the expiration of the lease term.

Senator KUCHEL. Now, will you point that out?

Mr. HAMILTON. Yes, sir. Line 21, page 2. Presumably tax property could come off the tax rolls on payment of the first month's rent.

Senator BUSH. Where is that?

Mr. HAMILTON. Page 2, line 21.

Senator BUSH. Read the language.

Mr. HAMILTON. Yes, sir: "by negotiating and entering into purchase contracts, the terms of which shall not be less than," I presume 10, "or more than 25 years."

Senator BUSH. Which bill are you looking at?

Mr. HAMILTON. S. 2041.

Senator BUSH. All right. Start it again.

Mr. HAMILTON. Page 2, line 17: "by negotiating and entering into purchase contracts, the terms of which shall not be less than," I presume 10, "or more than 25 years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the contract term and upon fulfillment of the terms and conditions stipulated in each of such purchase contracts."

Senator KUCHEL. Do you think that means, when it says "and," that you have two conditions? I am not unsympathetic with what you are going to say, but I am inclined to disagree with you on this point because I doubt under the most liberal lease-purchase legislation you could have that I would let the Government take title away from me before they had given me the money I had decided I wanted to have to enter into such an agreement.

And here you have the tail end of that sentence: "and upon the fulfillment of the terms and conditions stipulated in each of such purchase contracts."

Mr. HAMILTON. May I come back to that point a little later in my testimony? I mention it in the light of another point we make.

Now, just what is the need of this new policy? This committee should very seriously consider the matter of making it easier and easier for the Federal Government to acquire property which is tax-exempt from local levies. Is that leasing system ineffective? On the contrary, Mr. Johnson, the General Counsel of the General Accounting Office, in hearings before a committee last year on H. R. 6839—which is practically the same bill as the one now before you—speaking to this point said:

The lease agreements have been generally effective, especially in the case of the Post Office Department.

If this is true, why forge a new policy?

Taking property or a building off the local tax rolls does not lessen the need of nor demand for services to the buildings or property and to the occupants thereof. I won't bore you with a listing of those services and a repetition of what they are. You are familiar with them. You use them daily. You would not do without them. And, indeed, it is inconceivable that, living in our urban country as we do, we could do without them.

Taking the building off the tax rolls does not lessen the demand for municipal services, but it does seriously lessen the fiscal resources upon which the city has to draw to provide those services. I do not need to belabor the point here that over 70 percent of local general-fund revenues come from the tax on real property. Tax-exempt property in our cities is causing a greater and greater hardship. And this bill is designed specifically for the purpose of acquiring prime downtown office buildings and huge parcel-post warehouses in our cities.

The testimony of the Commissioner of Public Buildings last year and just 2 weeks ago on H. R. 570 indicated that they were not concerned with the small rural post offices with reference to this new policy.

I might add in answer to Senator Gore's question that was reiterated this morning.

He stated that the primary thinking in regard to it was with reference to the abatement of the difficulties of the larger parcel-post stations in the big cities. So we are faced here with the prospect of more and more tax exemption in our cities on Federal property.

Still speaking on the subject of the wisdom of this new policy, I presume that this committee agrees with the policy recommended by the Hoover Commission which recommended:

(2) That the tax systems—national, State, and local—be revised; and that in this revision every effort be made to leave to localities and States adequate resources from which to raise revenue to meet the duties and responsibilities of local and State governments.

I submit that this new policy would be in direct conflict with that statement.

Senator BUSH. May I interrupt there?

Mr. HAMILTON. Yes.

Senator BUSH. Did the Hoover report go so far as to indicate that these Federal buildings in our big cities and municipalities should remain on the tax rolls?

Mr. HAMILTON. No, sir. They did not get into the specific problem of Federal property.

Senator BUSH. Was that question specifically considered by the Hoover Commission?

Mr. HAMILTON. Yes.

Senator BUSH. Were you with this association at that time?

Mr. HAMILTON. I was a city manager at that time.

Senator BUSH. You were not doing this particular work then?

Mr. HAMILTON. No, sir. But the whole problem of State-local-Federal fiscal resources was considered, and that was the conclusion which I have quoted here.

Senator BUSH. I mean, parenthetically, I feel very sympathetic, as Senator Kuchel does, to this business of taking the property off the

local tax rolls. I have begun to wonder why it is the Federal Government does not pay taxes on these buildings in these cities. There is so much, and it amounts to so very much.

As the preceding witness said, they do wear out an awful lot of streets, and demand an awful lot of protection, and service, and so forth, and do not pay a darned thing. I am wondering what the theory behind it is. Excuse me. Go ahead.

Mr. HAMILTON. I presume that this committee agrees with President Eisenhower who in his message to the Congress pointed out that—

the matter of the adequacy of fiscal resources available to the various needs of government to discharge their proper functions must be carefully explored.

I submit that this new policy would be in direct conflict with that statement.

I presume that this committee agrees with the statements of the Honorable Robert A. Taft, distinguished Senate leader, when he testified before a congressional committee 2 months ago on his bill, S. 1514. I submit that this new policy would be in direct conflict with his statements as found in the committee documents reporting those hearings.

I presume that the Republican members of the committee agree with the statement in their party platform:

An immediate study directed toward reallocation of fields of taxation between Federal, State, and municipal governments so as to allow greater fiscal freedom to the States and municipalities * * * and enabling the various divisions of government to meet their obligations more efficiently.

I submit that this new policy would be in direct conflict with that statement.

I presume that the Democratic members of this committee agree with a similar statement in their party's national platform.

S. 2041, in its present form, runs directly counter to all of the expressions of philosophy which I have just listed for you; namely, that it is good policy to leave to local government its tax resources. The major tax resources of local government are taxes on real property. Or, putting it another way, it is bad policy to chip away at local tax resources.

S. 2041 puts in the hands of Federal bureaucrats a well-sharpened axe in the form of a new policy which does not now exist, to chip away at this tax-resource structure. The American Municipal Association can come to no other conclusion than that the adoption of S. 2041 would be the adoption of bad policy.

Now if I may speak briefly to the second of my two points, that is, our strenuous objections to the passage of the bill in its present form, I know that the members of this committee are sympathetic to the subject of the just demands of local government for payment in lieu of taxes by the Federal Government to local government. You have all expressed this opinion both orally and in writing. But you also may feel that the subject should not be brought up in this specific connection; that it is not germane to this bill; that the subject is too broad; requires too much study; has so many ramifications that we cannot take time to consider it now. I agree that this subject is one

of the most difficult which the Congress will ever be called upon to face. But face it you must, some day.

I urge you not to take any action which would create an even greater snarl in this already knotty problem. Do not make your job of unraveling the pay-in-lieu mess any harder by passing this bill in its present form. The place to start tackling the pay-in-lieu problem is here, today. The time to start tackling it is now, today. The bill to start tackling it with is S. 2041.

Why not make the job of coming to grips with the pay-in-lieu problem easier, rather than harder? We will never be able to solve the problem if each session of Congress sees the passage of new bills containing new policies which do not face up to the issue squarely, which dodge it and whose proponents say that they are sympathetic to the demands of local government for pay-in-lieu of taxes but "my bill is not the place to start."

I submit that before one can run, one must crawl. Before we can solve the pay-in-lieu problem in toto, we must make certain that no additional bills are passed which make the problem harder to solve.

Senator KUCHEL, coming back to the point we made originally.

Senator KUCHEL. Yes.

Mr. HAMILTON. The bill in its present form leaves quite serious doubts as to whether or not the precedent already established by the Federal Government regarding tax payments on title to which it has already taken partial title may not be followed. You are quite familiar with that problem in San Diego I know.

Senator KUCHEL. That was not a real property problem though, was it? Weren't we talking there on——

Mr. HAMILTON. On personality?

Senator KUCHEL. Yes.

Mr. HAMILTON. But I think you will find in Detroit—and I am quoting the partial contract type of clause in this testimony—not only is it real property, but personalty was also involved.

Senator KUCHEL. The contention has been made, I suppose, to the extent the Federal Government has an equitable interest, to that extent the value is decreased for ad valorem purposes.

Mr. HAMILTON. That is correct. I refer to the practice of removing property from local tax rolls, upon which partial payment has been made under contract clauses which read as the following typical clause reads:

The contracting officer may, from time to time, authorize partial payments to the contractor upon property acquired or produced by it for the performance of this contract; * * * upon making of any partial payment under this contract, title to all parts, materials, inventory, work-in-progress and nondurable tools therefore acquired or produced by the contractor for the performance of this contract, and properly chargeable thereto under sound accounting practice, shall forthwith vest in the Government; and title to all like property thereafter acquired or produced by the contractor for the performance of this contract and chargeable as aforesaid, shall vest in the Government * * *.

Senator BUSH. Wait a minute.

Mr. HAMILTON. Suppose a man builds a building, and he has brick, sand, and mortar, and whatever else it takes to go into it, standing on the lot. He is a contractor building the building under the lease-purchase plan. Is there any provision in this bill which provides that this already established precedent, particularly in regard to the Department of Defense, will not be followed?

Senator BUSH. I was going to ask you what this quotation is from.

Mr. HAMILTON. It is a quotation from the standard contract being written by the Defense Department.

Senator BUSH. For the acquisition of materials of war?

Mr. HAMILTON. And property.

Senator BUSH. And so forth, for defense. I do not think that is quite in point here, I must say. I would say that if it was applied to a building which you are buying on a lease-purchase agreement which remains in the name of the original builder, or owner, who is the lessor—I cannot believe this would apply to that until title transfers to the Government.

Senator KUCHEL. You have to use two different lines of thought. There are some court decisions that hold that to the extent, in the purchase by veterans of homes, where there is a refinancing and where title remains in the public agency, that the local assessor has no right to utilize the equitable interest of the purchasing veteran as a basis for ad valorem taxes.

Which as a matter of fact, now that I say it, means that the position you take is true. Those are are only two things I can remember. In other words, you make the point.

Mr. HAMILTON. We make the point, and Senator Bush's comment being in the record, perhaps it indicates an inclination of the committee. That satisfies us. If I am not mistaken, it is certainly not your opinion, Senator, that this type of clause should be applied to this type of contract.

Senator BUSH. I certainly do not think so from what I know of it so far. It would seem to me highly inequitable if that type of clause were in.

Mr. HAMILTON. That has been our point. It is not in the bill and we want to bring it up. Coming back to the fact that this new policy does not make any provision for payment in lieu, we suggest an amendment to the bill.

As I said, S. 2041 contains no provisions or safeguards that this already established precedent will not take place in reference to this property. As a matter of fact, we are not at all sure but what the Comptroller General will require that such a clause be inserted. Indeed, the bill contains the specific language that title to the property shall vest in the Government "at or before" the expiration of the lease terms.

And I suggest that this committee is not at all sure either, since I am informed that the Comptroller General's Office has not given an opinion on this matter in connection with this bill. I suggest that before the bill is adopted in its present form, this matter be checked into and made a part of the record.

In view of the fact that you are here considering a new policy with regard to land and building acquisition, we again stress the fact that now is the time to make provision for payments to local government for services performed on behalf of that property. The time to face up to the problem and to meet the issue is today, here, now, while you are considering new methods of getting the property you need for Federal functions.

Accordingly, we suggest that the bill be amended so that taxes on property acquired under this new policy will be paid to local government. Or, at least, payments to local government for services to

that property be authorized in some way. We know that many broad questions must be decided before a general overall policy is achieved by the Congress. However, it is always better to do a thing right from the beginning. Accordingly, with respect to property acquired under this new policy, we suggest the following amendment:

Consent is hereby given to any State or local government to tax property acquired under the provisions of this act, the title to which property vests in the United States pursuant to the provisions of this act. Such property may be taxed to the same extent and in the same manner according to its value as if it were privately owned. Any such tax shall be based upon an assessed valuation which does not represent a larger percentage of true value than is used by assessing authorities in valuing property generally for tax purposes within the taxing jurisdictions.

Senator BUSH. You would like to see that made an amendment?

Mr. HAMILTON. Yes, sir.

Senator BUSH. I would certainly be in favor of the principle of the thing. Go ahead.

Mr. HAMILTON. I should like to make several other brief but important points.

1. The title of this bill should not be lease-purchase at all. It is no such thing. It is a purchase agreement that is being entered into. There are no options in the bill to allow the Federal Government to lease or purchase. The authority contained in this bill only applies to property which will eventually be purchased, not leased.

It is suggested that this title be changed so as to show the bill in its true light, namely, a bill to allow the Federal Government to purchase property on a no-money-down basis.

Unlike the Federal Government's requirements for individual property owners who, according to Federal regulations, must put a sizeable percentage of the purchase price of property into the property as a down payment, this bill takes as its philosophy the fact that it is not good policy to require down payments.

I suggest that this blows hot and cold on the same issue. If it is not good policy to require the Federal Government to put up a substantial down payment on its real property acquisitions, why is it good policy to require individuals to do so, when they purchase homes with FHA-insured and veterans' loans?

Senator BUSH. May I interrupt?

Mr. HAMILTON. Yes.

Senator BUSH. It seems to me you are arguing against yourself there. You want the title to remain in the hands of the municipality after 25 years so it won't be taken off the tax rolls. Now you are saying it ought to shift instantly.

Mr. HAMILTON. No. I am throwing out various questions.

Senator BUSH. Do you see my point?

Mr. HAMILTON. I see your point.

Senator BUSH. Don't you think my point is well taken?

Mr. HAMILTON. I do.

2. This bill gives a Federal administrator power to encumber the Federal Government for untold millions of dollars with absolutely no congressional control. The General Services Administration Administrator does not have to report to the Congress his lease-purchase agreements unless they total over \$50,000 per year. In other words, he can make any number of lease-purchase agreements for \$49,000 per

year without approval of the Congress or the Bureau of the Budget. A 25-year lease, for \$49,000 per year comes to roughly \$1,250,000. Does this committee propose to allow a Federal administrator the power to make such leases, with no prior congressional approval? If so, how many can he make? Five, ten, a hundred, a thousand? There is no control in this bill over that matter. And testimony before the House Public Works Committee on H. R. 5406, which is practically the same bill you now have before you, indicated that the Post Office Department alone processes 17 leases per day.

Senator BUSH. But there would be control over the matter in the appropriation bill, would there not?

Mr. HAMILTON. That is the next point I am getting to, sir.

3. This bill allows a Federal bureaucrat to throw a budgetary shadow over the appropriations of each and every Federal agency for a period as long as 25 years. I submit that this is not good public administration. The point being, if he makes a lease for \$49,000 with no congressional approval and no approval by this committee, when you come up for your appropriations the Appropriations Committee has no objection. That is a signed contract of the Federal Government. Congressional control has been wiped out and disappears.

Senator BUSH. There is nothing new about that at all. There are lots of fixed expenses set up that come before the Appropriations Committees every year. Those are fixed, just like the interest on the public debt.

Mr. HAMILTON. That is right.

Senator BUSH. There is nothing new about that.

Mr. HAMILTON. It is a question of whether you want to advocate any more of those rights.

You all know the dangers of encumbering departmental appropriations for long periods in advance. Certainly this is an abdication of the right of the Congress to decide for itself appropriations for the various Federal agencies. If a large number of these leases are signed, then you are burdening and encumbering your appropriations with fixed charges over which the Congress has no effective control for as much as a quarter of a century in advance.

Senator BUSH. In view of the fact that they have now the right to lease up to 5 years in the Post Office Department—

Senator KUCHEL. Twenty in the Post Office Department.

Senator BUSH. Where is it 5 years?

Senator KUCHEL. The General Services Administration.

Senator BUSH. Yes. They have the right to lease up to 5 years. This is no change in principle.

Mr. HAMILTON. May I come to No. 6 and point out there are no 5- or 20-year leases in question. All leases are 30-day leases. There is a 30-day cancellation clause in all of the leases.

Mr. REYNOLDS. No.

Mr. HAMILTON. Isn't it standard practice for most of the leases to have that?

Mr. REYNOLDS. You cannot get anybody to sign a 5-year lease and put a 30-day cancellation clause in there.

Senator KUCHEL. Let us watch the record a little bit. If there is any dispute on that statement I would like to have it cleared up on the record.

Mr. HAMILTON. Coming back to point No. 4, Senator, I will read that.

4. This bill does not require the Administrator to seek prior approval of these leases if they are under \$50,000. What about those which are over \$50,000? All he has to do is send up his intention to the Speaker of the House and the President of the Senate, and wait 30 days. If no refusal comes back, he can proceed with the lease, signing for whatever amount he deems advisable. And since there is no provision in the bill this notice to Congress has to be sent up while the Congress is in session, we submit that he can make any number of leases while the Congress is not in session, with no effective control over his actions.

5. There is the question of whether or not this bill is at all necessary. Is it the plan to continue indefinitely expanding the activities of the Federal Government with a consequent need for acquisition of more and more space for Government employees and activities? Local government hopes that this is not so.

Senator BUSH. I would like to say right there I do not think this necessarily applies to expanding activities. All buildings are wearing out all of the time. It is always a question of replacement and always a question of modernization. I do not think that is a very strong point. Go ahead.

Mr. HAMILTON. 6. Finally, there is the question of whether or not this bill would save any money for the Federal Government. The point has been made here this morning that the bill is necessary in order to prevent high-price leases because those who lease space to the Federal Government have no assurance that the Government will remain their tenant, so they charge high annual rentals in order to be certain of making a profit. So, the contention goes, if we allow the renters to have a 25-year lease which they can count on as a sure thing, then the annual unit cost will be less. This is sheer sophistry. I am certain that this committee will not authorize any leases on the part of the Federal Government which do not contain a 30-day cancellation clause. This is standard Federal practice and procedure. Consequently, we do not have a 25-year lease—we have a 30-day lease, exactly the same as we now have. It is doubtful, therefore, that any money will be saved.

For these reasons we suggest that this bill receive an unfavorable report by this committee.

I shall be glad to try to answer any questions you may have. Thank you for your courtesy. I realize I took up a good amount of your valuable time, but the issues were important enough in our opinion to warrant it.

Senator KUCHEL. Are there any other questions?

Senator BUSH. I do not think I have any more questions.

Senator KUCHEL. All right. Thank you, Mr. Hamilton.

So that we may have on the record what the differences are with respect to the suggestion of the 30-day cancellation clause, is there anyone here who would want to come forward on that one point? I think it is relatively important to clear it up so far as there is any haziness on it.

FURTHER STATEMENT OF W. E. REYNOLDS, COMMISSIONER OF PUBLIC BUILDINGS SERVICE

Mr. REYNOLDS. We enter into leases beyond 1 year. One to five years, and 5 years is the maximum in our legislation. That is a firm time. We do enter into many leases that are yearly leases; and where we can and where we think that there may not be a continuing demand, we attempt to get into the lease a 30-day cancellation clause, but we do not rent for a period of longer than 1 year unless we are assured that there will be a continuing demand for the term of the lease, and that is drawn in the form of a firm contract.

Senator KUCHEL. Do I understand that you resort to the use of the 30-day cancellation clause only in those leases which are not more than 1-year duration?

Mr. REYNOLDS. That is right. It is very often written into a 1-year lease, but a lot of those do not have the clause because the owner will not rent with the 30-day clause in it. But where he is agreeable to it we will put it in on the short-term leases.

Senator KUCHEL. Thank you very much.

Senator BUSH. Could I ask him a question off the record?

Senator KUCHEL. Yes, Senator.

(Discussion off the record.)

Senator KUCHEL. Mr. Snyder.

STATEMENT OF CALVIN K. SNYDER, SECRETARY, REALTORS' WASHINGTON COMMITTEE OF THE NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

Mr. SNYDER. Mr. Chairman, for the purpose of saving time, if it meets with your approval I will just file my statement and speak for just a moment to 2 or 3 of the issues.

Senator KUCHEL. Fine. Without objection, your statement may be included in the record.

(The statement of Mr. Snyder follows:)

STATEMENT OF CALVIN K. SNYDER ON BEHALF OF THE NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

Mr. Chairman and members of the committee, I am Calvin K. Snyder, Secretary of the Realtors' Washington Committee of the National Association of Real Estate Boards. Our committee is the legislative arm of the national association. We have boards located in each of the 48 States with a total membership in excess of 50,000.

Our authority to offer testimony on S. 2041 is contained in a resolution adopted by the association's board of directors at its meeting held February 3, 1953, in Washington, D. C. The resolution reads as follows:

"Increased ownership of real property by the Federal Government is having a serious effect on local tax structures. We believe that the Federal Government should not continue to expand its property ownership to the detriment of homeowners and others who must bear the increased burden resulting from this constant removal of property from the tax rolls.

"We therefore urge support of legislation which will provide, with certain exceptions such as nonincome producing public lands, for the local taxation of properties owned by the Federal Government."

Our association is keenly interested in any type of legislation which will improve Government administration, reduce Federal expenditures, and invest more authority and responsibility in State and local governments. However, we should like to call the committee's attention to several provisions of S. 2041

that set new precedents and might have far-reaching impact upon the financial picture of local governments.

The American Municipal Association, whose membership comprises mayors and municipal officials of both large and small communities throughout the Nation, estimates that more than 70 percent of tax revenues are obtained from real estate. In other words, the police department, fire department, sewerage and sanitation, schools and other housekeeping necessities of municipal operation obtain more than two-thirds of their budgets from real-estate taxes.

We view with increasing concern the trend toward removing property from local tax rolls by reason of Federal ownership. The Bureau of Census in its report, Governmental Debt in 1952, states that governmental debt as of June 30, 1952, for cities was \$12,437,000,000 and total indebtedness for local governments reached a new record level of \$22,600,000,000. The report states, "This compares with the total of \$16.7 billion reported for 1932 and 1940."

The Tax Foundations, based upon data of the United States Commerce Department, tells us that expenditures by local governments in 1952 were \$10,800,000,000. Tax receipts in the same year were \$9,400,000,000. It is estimated that approximately the same relative deficit position will exist in expenditures and receipts for 1953.

In Executive Communication No. 722, dated August 16, 1951, in respect to payments in lieu of taxes, F. J. Lawton, then Director of the Bureau of the Budget, wrote:

"Local governments depend upon property taxation for more than half of their total revenues, so that they are particularly concerned when the Federal Government acquires real estate and thereby removes it from the property tax base while at the same time activities on or associated with the Federal property may impose service burdens upon these local governments."

May we say at the outset that we are not questioning the objective of S. 2041 in authorizing an agency of the Federal Government to acquire title to real property. We do believe, however, that extensive study should be given to the precedent being established by this bill in acquiring such property and the local loss of income which will be suffered as the result of Federal ownership.

In the first place, what is the actual need for the provisions of S. 2041? We have read Senate Report 318, accompanying S. 690, which sought to achieve comparable objectives to those of S. 2041. We have studied House measures including the omnibus measure just approved by the House Committee on Public Works, H. R. 6342. We have studied the testimony which was offered last year on similar legislation. We find several reasons being advanced by spokesmen for the Federal agencies justifying the need for S. 2041 and related measures, about as follows:

1. That the Federal Government is tired of paying rent to private owners for space it occupies and that S. 2041 and comparable measures would provide the vehicle for Federal agencies to acquire homes of their own and pay for them like rent.

2. The restrictive provisions of section 4 of the Federal Property and Administrative Services Act, as amended June 14, 1946, and section 407 of the same act, as amended June 16, 1949, confines leased space to be occupied by a Government agency outside of the District of Columbia to a period of 5 years, or if in the District, to a period of 1 year. The contention is that private industry cannot provide sufficient public buildings on the short-lease periods and therefore the 8- to 25-year lease-purchase proposal is offered as a special inducement, with the Federal Government taking title in accordance with a purchase agreement with a term of not less than 8 years or more than 25 years after its signing.

Our association strongly advocates homeownership, and if it is desirable for a Federal agency to own a home of its own it certainly has our blessing—provided that it assumes the responsibility of homeownership comparable to that of other property owners.

In other words, a homeowner pays real estate taxes to maintain the schools, police and fire department, and other segments of municipal operation. We recognize the standard arguments against ad valorem taxes assessed against the Federal Government. However, we respectfully submit that if ownership of Federal property is acquired under the provisions of S. 2041, or similar legislation, and the property requires services such as police, fire, sewerage, water, safety, schools, etc., then payment for such services should be made to the local community equal to what the tax would be. This is what we mean by the responsibilities of homeownership.

We asked our local real-estate boards in 40 cities and counties located in 27 States to ascertain how much tax revenue their cities would receive if tax-exempt federally owned real property were privately owned. They were asked specifically to exclude Federal court buildings, National Guard armories, and post-office buildings. Twenty-three of the reporting cities and counties reported tax losses of more than \$100,000 annually and 5 of these cities reported tax losses of more than \$1 million annually.

More than half of the reports listed military installations as being among the major tax burdens. In some instances local taxing officials supplied the requested data. They are marked on the attached list with a single asterisk. Other reports were made by local real-estate board officials after consultation with local taxing officials and public-housing authorities.

Melville Southard in the spring of 1953 issue of the Record, official publication of the Real Estate Board of New York, Inc., reports:

"The assessed valuation of New York City real property which is exempt from real-estate taxes reached the staggering amount of \$7,000,255,000 for the tax year 1952-53. This is 26.5 percent of the total final assessment roll of \$26,425,714,805 and unless the trend is halted, exemptions may be the straw which breaks the financial back of the city. * * *

Mr. Southard lists the United States Government as owning \$351,634,500 of assessed valuation of exempt property for the tax year 1952-53, in New York City alone.

We hesitate to recommend use of the term "in lieu" payments of taxes on the property to be acquired by the Federal Government. The reason is that Public Law 171 of the 81st Congress provides that payments up to 10 percent of the net shelter rent of public-housing projects may be paid in lieu of taxes to a local community. Of course, the in-lieu payments vary from city to city. Here are specific examples: In Louisville, Ky., if the present public-housing projects were privately owned they would be taxed in the amount of \$418,581. They pay in lieu of taxes only \$83,242 annually, resulting in a tax loss to the city of Louisville of \$335,339. The city and county of San Francisco report a loss of \$264,408.49 from public housing alone. Denver, Colo., has a net loss of \$240,450; Birmingham, Ala., \$233,562.70.

Now as to the new precedent to be established by the Congress if S. 2041 and/or comparable legislation is approved. S. 2041 provides that the General Service Administrator is authorized to obtain and provide space for the accommodation of activities of the Government both in and outside the District of Columbia including, and with the approval of the Postmaster General, activities of the Post Office Department by negotiating and entering into purchase contracts. The terms of the contract shall not be less than 8 years nor more than 25 years and provide in each case that title to the property shall vest in the United States at or before the expiration of the contract term and upon fulfillment of the terms and conditions stipulated in each contract.

This means that the Federal Government would be required to take title to every piece of property involved in the program outlined on page 2 of S. 2041, lines 17 through 23. Why shouldn't this be left flexible so that the Government could purchase or lease, whichever would be more advantageous to the Federal Government. We doubt very much if the terms of amortization of a contract were extended as long as 25 years that the builder would object to retaining title to the property. Certainly the Federal Government should not be forced into purchasing every one of these properties.

One of the most fundamental reasons why consideration should be given to S. 2041 upon established precedents is the very fact that present statutes—with one exception—which provide for strict congressional control over property acquisition by Federal agencies are specifically set aside. The exception is found on page 6, lines 5 through 15: "Except as provided by paragraph (1) of this subsection" (which retains provision for advertising for bids on public contracts). The remainder of the provision sets aside the whole series of laws built up over a period of time to protect the public interest through specific congressional scrutiny.

Sections 3734 and 3736 of the Revised Statutes, as amended, provide that no money shall be paid, nor contracts made, for payment for any site for a public building, or for the erection, repair or furnishing of any public building, in excess of a specific appropriation.

Section 3736 of the Revised Statutes is to the effect that there shall be no purchase of land for the United States without specific congressional authorization.

In case any other provision of law would require specific approval by the Congress of a project, it is set aside by the language on lines 11 through 13 on page 6: "and any other provision of law, relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to lease-purchase agreements executed under this act."

We commend the intent of the proviso on page 4, lines 13 through 18, for prior committee approval of purchase contracts by the General Services Administrator. We understand its intent is to give some congressional scrutiny to the use of the unprecedented powers granted to GSA in the bill. We respectfully suggest, however, that it would be better to have these contracts approved by the Bureau of the Budget, the appropriate committees of the House and Senate, and by the full Congress itself, rather than to leave this responsibility to single committees of the Congress. The delegation of this broad authority to a committee of the Congress might subject that committee to political and other pressures of tremendous magnitude.

How extensive this responsibility may be can be found on page 2 of the report accompanying H. R. 5406 under the subheading "Purposes of the bill," which states that "sites acquired, and plans and specifications prepared as a result of the Public Buildings Act of 1949 could be utilized under the provisions of H. R. 5406."

If I may direct your attention to page 285 of the budget for the fiscal year 1954, you will find reference to a total authorization of \$40 million for sites, drawings, and specifications prepared for future construction of public building projects. Referring to the Public Buildings Act program, it states that, "Acquisition of 415 sites was authorized under the original program. As of June 30, 1952, 67 sites had been acquired and commitments made for 35 additional sites. The program contemplates (1) acquisition of 3 additional sites in fiscal 1953 and 2 in fiscal 1954, leaving 308 sites for future consideration, and (2) completion of design of 14 high-priority projects, leaving 446 for future determination." And this is but the start of the program. Even if only a portion of the sites were developed under the proposed bill, it would be truly a sizable responsibility to be delegated to a congressional committee.

Now, what about the costs of this program? Little or nothing has been said about that up to the present time. May I again refer you to the United States Government Budget for fiscal 1954. On page 273, under a subheading "Program and performance," note that "Repairs, renovations, and improvements are made to 5,445 federally owned buildings outside the District of Columbia which were acquired at a cost of approximately \$1 billion and contain over 104 million gross square feet of space." Since it is contended by GSA officials that there has been no public buildings construction since and during World War II, we must assume that the 104 million gross square feet of floor space mentioned above were acquired prior to the war at a cost of approximately \$10 a square foot. Presumably, then, since it was acquired in that period, this space was put in place when construction costs were about half as much. Using this same yardstick, we can expect new construction costs to be about \$20 per gross square foot.

Now, let's take a specific example of housing a Federal agency. GSA, according to the budget, has approximately 26,000 employees. It is estimated that each employee for office space should have approximately 103 square feet of space (budget, p. 270). Following these figures through, it would cost approximately \$52 million to house GSA alone. This illustration will serve to give an inkling of the potential cost for which a committee of the Congress, under provisions of S. 2041, would be responsible and not the Congress itself.

We have reason to believe that H. R. 6342, which was reported by the House Public Works Committee, if and when it is approved by the House, may be referred to this committee because of its origin. H. R. 6342 has a number of comparable provisions to those of S. 2041. However, instead of referring it to an appropriate committee of Congress for the approval of all contracts, it merely refers to the Vice President and the Speaker, contracts in excess of \$50,000 per year. This in itself is quite a joker, because \$50,000 a year over a 25-year contract is a \$1,250,000 project. In other words, this provision means that any project costing less than \$1,250,000 would not even have to be submitted to any committee of Congress. Incidentally, the House provision does not require approval of a congressional committee but merely that it be referred to the committee.

Mr. Chairman and members of the committee, S. 2041 permits the GSA Administrator to exercise the powers granted by this measure with respect to existing

properties as well as surplus property. It authorizes the Administrator to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration, including the "demolition of obsolete and outmoded structures situated thereon."

This provision also authorizes the Administrator to enter into agreements with "any person, copartnership, corporation, or other public or private entity to effectuate any of the purposes of this section;". Conceivably, the Administrator by this provision could have property transferred to him that may have been acquired under the public housing section or under the urban redevelopment section of Public Law 171. Once it is controlled by GSA he could effect "the demolition of obsolete and outmoded structures situated thereon." These and other loopholes need clarification.

We doubt the wisdom of enacting the legislation such as S. 2041 at the present time in view of these facts:

1. It is hoped by all that continued expansion of Federal Government will not be carried on indefinitely. This measure seems to provide for expansion rather than contraction.

2. Erosion of the tax base of local communities by Federal property acquisition is now presenting such a serious threat to the independence of local governments that a Presidential Commission and several committees of Congress are working on the problem. Further erosion should be stopped or at least minimized by a Congress looking to the perpetuation of truly local self-government.

3. There is no exact knowledge inside or outside the Federal Government of the complete property holdings of the Government at the present time. S. 2041 provides that existing properties, plus surplus properties, plus the sites and all facilities under the Public Buildings Act of 1949, plus the properties under the control of the General Services Administration, are to be subject to the provisions of this bill. Until a complete inventory is established and a thorough study conducted, there is no way of knowing whether properties already held by the Government are being utilized to their fullest extent and in the wisest possible manner.

One approach to finding out what properties are held by the Federal Government and whether they are being properly utilized would be to set up a special joint committee of the Public Works and Interior and Insular Affairs Committees. This committee could then supervise the carrying out of a real property inventory by a competent technical staff. Cooperation of the various Federal agencies could be enlisted. One task force could list the properties. A second could audit the properties from the standpoint of such standards as—

1. Need for the property;
2. Whether it is being utilized efficiently;
3. What property should be shifted from one agency to another in the public interest; and
4. What property should be recommended for disposal to taxpaying ownership.

Once the inventory is established the necessary mechanics could be set up in the General Accounting Office or elsewhere to keep it up to date. All changes in property acquisition, disposal, and shifting between agencies would have to be reported promptly to the staff charged with the integrity of the inventory.

If, notwithstanding these facts, the Congress decides to enact a bill such as S. 2041, we believe that there are three cardinal principles that must be followed if the public interest is to be protected:

1. The bill should embody an unequivocal requirement for prior budget and congressional approval of all contracts entered into—

- (a) For original leases, and

- (b) For the exercising of purchase options to acquire title to the properties concerned.

2. The bill should not provide for mandatory acquisition of title by the Federal Government of all the properties involved. An option to purchase at a future time might be included in the original contracts. The exercise of that option to purchase, we believe, should be permissive on the part of the Federal Government in light of the situation at the time the option is exercised, and only after direct prior approval by the Congress of the permanent acquisition.

3. In the case of properties vested in the Federal Government under the bill, proper provision should be made regarding payment of fair service charges to the local community for services rendered.

We thank you, Mr. Chairman and members of the committee, for this opportunity of presenting the views of our association.

Estimates of local tax losses per year due to Federal ownership of real property

	Taxes that would be collected if property were privately owned	Payments in lieu of taxes	Tax losses
Metropolitan Birmingham, Ala.....	\$608,746.00	\$96,021.30	\$512,724.70
Phoenix, Ariz.....	120,000.00	20,579.00	99,421.00
Greater Tucson, Ariz.....	500,000.00	21,874.56	478,125.44
Greater Little Rock, Ark.....	135,000.00	10,707.00	124,293.00
Berkeley, Calif. ¹	31,130.80	19,578.13	11,552.67
City and county of San Francisco, Calif. ¹	4,179,451.00	244,434.51	3,935,016.49
Denver, Colo. (public housing only).....	327,000.00	86,550.00	240,450.00
Miami, Fla. (public housing only) ²	93,383.28	25,372.97	68,010.31
Atlanta, Ga. (public housing only) ¹	421,942.37	63,626.91	358,315.46
Savannah, Ga. (public housing only) ¹	51,274.41	12,395.23	68,879.18
Boise, Idaho.....	137,128.00	-----	137,128.00
Indianapolis, Ind.....	500,000.00	21,500.00	478,500.00
Burlington, Iowa (public housing only).....	77,840.77	11,080.60	66,760.17
Louisville, Ky.....	537,831.00	83,242.00	454,589.00
Montgomery County, Md. ¹	8,400,000.00	19,280.10	8,380,719.90
Chelsea, Mass. (does not include public housing) ¹	263,014.00	-----	263,014.00
Worcester, Mass.....	1,333.00	-----	1,333.00
Pontiac, Mich. (public housing only).....	64,000.00	13,000.00	51,000.00
St. Paul, Minn. ¹	280,717.00	24,500.00	256,217.00
Kansas City, Mo. ¹	76,729.50	-----	76,729.50
St. Louis, Mo. ¹	2,943,921.60	37,890.26	2,906,031.34
Rochester, N. Y.....	92,217.83	-----	92,217.83
Buncombe County, N. C.....	26,000.00	2,000.00	24,000.00
Cuyahoga County, Ohio (does not include public housing).....	164,545.24	-----	164,545.24
Akron, Ohio (public housing only).....	36,730.00	26,607.00	10,123.00
Hamilton County (Cincinnati), Ohio.....	537,361.00	13,000.00	524,361.00
Oklahoma County, Okla.....	169,750.00	8,990.95	160,759.05
Harrisburg, Pa. (public housing only).....	134,045.45	38,000.00	96,045.45
Newport, Middletown, Portsmouth, R. I.....	972,068.00	34,681.00	937,387.00
Corpus Christi, Tex. (public housing only).....	40,000.00	25,130.01	14,869.99
Dallas, Tex.....	143,951.83	61,581.25	82,370.58
Salt Lake City, Utah.....	253,736.00	-----	253,736.00
Norfolk, Va. (does not include public housing).....	4,860,000.00	-----	4,860,000.00
Richmond, Va. (does not include public housing).....	185,706.40	-----	185,706.40
King County (Seattle), Wash. ¹	6,405,093.87	430,978.87	5,974,115.00
Vancouver, Wash.....	513,312.00	180,000.00	333,312.00
Kitsap County (Bremerton), Wash.....	665,485.57	71,302.58	594,182.99
Huntington, W. Va.....	34,090.00	4,340.00	29,750.00

¹ Information compiled by local tax official.² Information compiled by certified public accountants.

Information for all others compiled by local real estate board after consultation with local tax officials.

Mr. SNYDER. To identify myself, I am Calvin K. Snyder, secretary of the Realtors' Washington Committee of the National Association of Real Estate Boards. Our committee is the legislative arm of the national association. We have boards located in each of the 48 States with a total membership in excess of 50,000.

Our authority to offer testimony on S. 2041 is contained in a resolution adopted by the association's board of directors at its meeting held February 3, 1953, in Washington, D. C.

The resolution is part of the statement I have filed in the record.

Mr. Chairman, I think that the real issue our association wishes to raise concerning S. 2041—I should like to speak to the bill which is before the committee, and only incidentally to the other bills which have been discussed here this morning—is the issue of this problem of removing properties from local tax rolls.

Attached to my statement, at the very back of it, is a survey we have just completed through our research department in cooperation with our local real estate boards in some 40 cities in 23 or 27 States, I believe it is. It indicates the amount of tax losses which are occurring, from the best information available to us, through tax assessors in each of

these local communities, as a result of federally owned property which has been exempted from the tax rolls.

In all fairness I should point out that approximately half of this tax-exemption issue is directly related to the military, insofar as our survey is concerned. The remainder of it is Federal properties that are presently owned by the Federal Government, or operated and controlled by the Federal Government that are not related to defense, and which are removed from the local tax rolls by reason of the tax-exempt provisions.

Senator BUSH. You might say one-half of it is normal. That is just a normal expectancy from here on.

Mr. SNYDER. I would say that is a fair assumption, Senator; yes, sir. The basis for tax exemption of property owned by the Federal Government, dating way back to when it first occurred or started to occur many, many years ago, I believe was due to the fact that it was not fair to assess ad valorem taxes on property owned by the Federal Government because the people actually would be assessing a tax on themselves.

However, at that time we did not have the scope of ownership by the Federal Government of these properties in the local communities that we do today. For example, just in New York City alone, which is a tremendously large city as we all know, as part of my statement here I have a reference made to a report by Mr. Melville Southard found in the spring 1953 issue of the Record, which is the official publication of the Real Estate Board of New York. He reports the assessed valuation of New York City real property which is exempt from real-estate taxes reached the staggering amount of \$7,000,255,000.

Senator BUSH. That takes care of all types of taxes? Charitable tax exemption of all kinds?

Mr. SNYDER. That is correct.

Senator BUSH. Not just the Federal Government.

Mr. SNYDER. That is correct. But he does identify that the United States Government does own \$351,634,500 of assessed valuation of tax-exempt property for the tax year 1952-43 in New York City alone.

Senator BUSH. \$351 million?

Mr. SNYDER. Yes.

Senator BUSH. That is not in your tabulation, thought?

Mr. SNYDER. Because when we received that tabulation we did not have it specifically identified, and I gathered this after I completed the tabulation. I think it is rather basic that the committee give consideration to the fact of not rushing this legislation through at a time when the Presidential Commission for the Study of the Interrelationship of Tax Problems of State, Federal, and Local Governments, and several committees of the Congress, are engaging themselves in a study of tax issues as they relate to the local community and the increased tax burden of the local community.

I have in my statement an analysis of 2 or 3 studies that have been made; one by the Tax Foundation, and another taken directly from the United States Commerce Department, that shows the relative deficit tax position, or relative deficit operating position of the local communities as a whole throughout the United States.

It is anticipated that that same relative deficit position of better than \$1.4 billion will continue for the 1952-53 year. I also recognize

the fact that the Federal Government is operating under a serious deficit problem. So this is not an issue, I believe, that can be resolved simply by passing legislation that will contribute to the problem of tax exemption of local properties where they are owned by the Federal Government.

If it is decided, however, that the Congress is going to act on this issue, I believe some provision should be set up in the legislation to provide for a service fee that could be paid to a local community if the ad valorem problem has not been resolved; and that that service fee would be equal to or commensurate with the services required by that new Federal building to be imposed on that locality on some prorated basis with comparable privately owned dwellings, and compared to the taxes that they pay.

We know the school situation in our communities is a serious problem; and as more and more of these federally tax-exempt buildings are imposed upon a local community, then obviously it is going to impose more and more burden on the school situation.

Senator BUSH. Let me ask you this question: If the bill provided no property removed from the tax rules under this legislation would become tax exempt, would all of your objections vanish?

Mr. SNYDER. They would.

Senator BUSH. I think we have heard enough from him.

Senator KUCHEL. Thank you very much. Do you have anything else?

Mr. SNYDER. No, sir.

Senator KUCHEL. Thank you very much. The committee will go into executive session.

(Whereupon, at 11:59 a. m., the subcommittee went into executive session, and the hearing was concluded.)

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83^D CONGRESS
1ST SESSION

S. 690

IN THE SENATE OF THE UNITED STATES

JANUARY 29, 1953

Mr. McCARTHY (for himself, Mr. McCLELLAN, Mr. HOEY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. DWORSHAK, Mr. HUMPHREY, Mr. BUTLER of Maryland, and Mr. POTTER) introduced the following bill; which was read twice and referred to the Committee on Government Operations

A BILL

To amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of more than eight years but not in excess of twenty-five years and for acquisition of title to such properties and structures by the United States at or before the expiration of the lease terms, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Federal Property and Administrative Services Act
4 of 1949, as amended, is further amended by—

5 (a) redesignating sections 211 and 212 thereof as

1 sections 212 and 213, respectively, and wherever such
2 section numbers appear in such Act as amended, they
3 are amended to conform to redesignation prescribed by
4 this subsection;

5 (b) inserting in the table of contents appearing in
6 the first section of such Act as amended, immediately
7 after the line in which "Sec. 210" appears, the following:
"Sec. 211. Lease-purchase agreements."; and

8 (c) inserting, immediately after section 210 of the
9 Act as amended, the following new section:

10 "LEASE-PURCHASE AGREEMENTS

11 "SEC. 211. (a) Whenever the Administrator determines
12 that (1) the needs for space for the permanent activities
13 of the Federal Government in any particular area cannot
14 be satisfied by utilization of any existing property suitable
15 for the purpose then owned by the Government and (2)
16 the best interests of the United States will be served by
17 taking action hereunder, he is hereby authorized to obtain
18 and provide space for the accommodation of activities of the
19 Government, both in and outside of the District of Columbia,
20 within the continental limits of the United States, including,
21 with the approval of the Postmaster General, activities of the
22 Post Office Department, by negotiating and entering into
23 lease-purchase agreements the terms of which shall not be
24 less than eight or more than twenty-five years and which

1 shall provide in each case that title to the property shall
2 vest in the United States at or before the expiration of
3 the leasehold term and upon fulfillment of the terms and
4 conditions stipulated in each of such lease-purchase agree-
5 ments. Such terms and conditions shall include provision
6 for the application to the purchase price agreed upon therein
7 of rental payments made thereunder.

8 “(b) The Administrator is authorized to exercise the
9 powers granted in this section with respect to existing prop-
10 erties, including those for which conversions, additions, ex-
11 tensions, or remodeling may be required, and properties
12 upon which construction is to be subsequently effected in
13 pursuance of the terms of applicable lease-purchase
14 agreements.

15 “(c) The Administrator is authorized to enter into
16 agreements, with any person, copartnership, corporation, or
17 other public or private entity, to effectuate any of the pur-
18 poses of this section; and is further authorized to bring
19 about the development and improvement of any land owned
20 by the United States and under the control of the General
21 Services Administration, including the demolition of obsolete
22 and outmoded structures situate thereon, by providing for
23 the construction thereon by others of such structures and
24 facilities as shall be the subject of the applicable lease-
25 purchase agreement.

1 “(d) Each such lease-purchase agreement shall include
2 such provisions as the Administrator, in his discretion, shall
3 deem to be in the best interests of the United States and ap-
4 propriate to secure the performance of the obligations im-
5 posed upon the party or parties that shall enter into such
6 agreement with the United States: *Provided*, That no such
7 agreement may provide for the payment by the United
8 States in pursuance of the terms thereof of moneys in an
9 aggregate annual amount in excess of 15 per centum of the
10 appraised fair market value of the property at the date of the
11 lease-purchase agreement, or in the case of property where
12 construction shall not have been completed at that date, in
13 excess of 15 per centum of the fair market value at the date
14 of completion of such construction.

15 “(e) No proposed lease-purchase agreement shall be
16 executed under this section until it has been submitted to and
17 approved by the Committee on Government Operations of
18 the Senate and the Committee on Government Operations of
19 the House of Representatives.

20 “(f) Funds now or hereafter available for the payment
21 of rent and related charges for premises, whether appro-
22 priated directly to the General Services Administration or
23 to any other agency of the Government and received by

1 said Administration for such purposes, may be utilized by
2 the Administrator to make payments becoming due from
3 time to time from the United States as current charges in
4 connection with agreements entered into under authority of
5 this Act: *Provided*, That no such funds may be expended
6 for acquisition of title to the property covered by any such
7 agreement prior to the expiration of the lease-hold term
8 specified therein (whether by exercise of option to purchase
9 or otherwise) in the absence of specific appropriation of
10 funds for such acquisition, which appropriations are hereby
11 authorized.

12 “(g) (1) Section 302 (c) of this Act and section
13 355 of the Revised Statutes, as amended (50 U. S. C. 175),
14 shall apply to lease-purchase agreements executed under
15 this Act, except that any such agreement may be executed
16 and placed in effect after request for but prior to receipt
17 of an opinion of the Attorney General with respect to the
18 validity of title to the property described therein.

19 “(2) Except as provided by paragraph (1), sections
20 3734 and 3736 of the Revised Statutes, as amended (40
21 U. S. C. 259; 41 U. S. C. 14) ; section 1 of the Act of
22 March 3, 1877 (19 Stat. 370; 40 U. S. C. 34) ; section 4
23 of the Act of June 14, 1946 (60 Stat. 257, as amended; 40

1 U. S. C. 304c) ; section 407 of the Act of June 16, 1949
2 (63 Stat. 199; 40 U. S. C. Supp. 37a) ; and any other
3 provision of law relating to the acquisition of real property,
4 construction of buildings, or leasing of space, shall not apply-
5 to lease-purchase agreements executed under this Act.

6 “(h) This section may be cited as the ‘Federal Lease-
7 Purchase Act of 1951’.”

A BILL

To amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of more than eight years but not in excess of twenty-five years and for acquisition of title to such properties and structures by the United States at or before the expiration of the lease terms, and for other purposes.

By Mr. McCARTHY, Mr. McCLELLAN, Mr. HOEX,
Mr. MUNDT, Mrs. SMITH of Maine, Mr.
DWORKINAK, Mr. HUMPHREY, Mr. BUTLER of
Maryland, and Mr. POTTER

JANUARY 29, 1953

Read twice and referred to the Committee on
Government Operations

83^d CONGRESS
1ST SESSION

H. R. 2250

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 1953

Mr. ELLIOTT introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of more than five years but not in excess of twenty-five years and for acquisition of title to such properties and structures by the United States at or before the expiration of the lease terms, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That the Federal Property and Administrative Services Act
4 of 1949, as amended, is further amended by—

5 (a) redesignating sections 211 and 212 thereof as
6 sections 212 and 213, respectively, and wherever such

1 section numbers appear in such Act as amended, they
2 are amended to conform to redesignation prescribed by
3 this subsection;

4 (b) inserting in the table of contents appearing in
5 the first section of such Act as amended, immediately
6 after the line in which "SEC. 210" appears, the fol-
7 lowing:

8 "SEC. 211. Lease-purchase agreements."; and

9 (c) inserting, immediately after section 210 of the
10 Act as amended, the following new section:

11 "LEASE-PURCHASE AGREEMENTS

12 "SEC. 211. (a) Whenever the Administrator determines
13 that (1) the needs for space for the activities of the Federal
14 Government, except for such needs of the Post Office De-
15 partment as the Postmaster General is authorized to meet,
16 in any particular area cannot be satisfied by utilization of
17 any existing property suitable for the purpose then owned by
18 the Government, and (2) the best interests of the United
19 States will be served by taking action hereunder, he is
20 hereby authorized, without regard to the provisions of sec-
21 tion 4 of the Act of June 14, 1946 (60 Stat. 257), as
22 amended, section 407 of the Act of June 16, 1949 (63
23 Stat. 199), as amended, or any other provision of law relat-
24 ing to the acquisition of real property, construction of build-
25 ings, or leasing of space, to obtain and provide space for the

1 accommodation of activities of the Government, both in and
2 outside of the District of Columbia and in the Territories and
3 possessions of the United States, including, with the approval
4 of the Postmaster General, activities of the Post Office
5 Department, by negotiating and entering into lease-purchase
6 agreements the terms of which may exceed five years but
7 shall not exceed twenty-five years and which shall provide
8 in each case for acquisition of title to the property by the
9 United States at or before the expiration of the leasehold
10 term and upon fulfillment of the terms and conditions
11 stipulated in each of such lease-purchase agreements.

12 “(b) The Administrator is authorized to exercise the
13 powers granted in this section with respect to existing prop-
14 erties, including those for which conversions, additions, ex-
15 tensions, or remodeling may be required, and properties upon
16 which construction is to be subsequently effected in pursu-
17 ance of the terms of applicable lease-purchase agreements.

18 “(c) The Administrator is authorized to enter into
19 agreements, with any person, copartnership, corporation, or
20 other public or private entity, to effectuate any of the pur-
21 poses of this section; and is further authorized to bring about
22 the development and improvement of any land owned by the
23 United States and under the control of the General Services
24 Administration, including the demolition of obsolete and
25 outmoded structures situate thereon, by providing for the

1 construction thereon by others of such structures and facili-
2 ties as shall be the subject of the applicable lease-purchase
3 agreement.

4 “(d) Each such lease-purchase agreement shall include
5 such provisions as the Administrator, in his discretion, shall
6 deem to be in the best interests of the United States and
7 appropriate to secure the performance of the obligations
8 imposed upon the party or parties that shall enter into such
9 agreement with the United States:’ *Provided*, That no such
10 agreement may provide for the payment of the United States
11 in pursuance of the terms thereof of moneys in an aggregate
12 annual amount in excess of 15 per centum of the fair market
13 value of the property at the date of the lease-purchase agree-
14 ment, or in the case of property where construction shall not
15 have been completed at that date, in excess of 15 per centum
16 of the fair market value at the date of completion of such
17 construction.

18 “(e) Funds now or hereafter available for the payment
19 of rent and related charges for premises, whether appropri-
20 ated directly to the General Services Administration or to
21 any other agency of the Government and received by said
22 Administration for such purpose, may be utilized by the
23 Administrator to make payments becoming due from time
24 to time from the United States as current charges in con-
25 nection with agreements entered into under authority of this

1 Act: *Provided*, That no such funds may be expended for
2 acquisition of title to the property covered by any such
3 agreement prior to the expiration of the leasehold term
4 specified therein (whether by exercise of option to purchase
5 or otherwise) in the absence of specific appropriation of
6 funds for such acquisition, which appropriations are hereby
7 authorized.

8 “(f) This section may be cited as the ‘Federal Lease-
9 Purchase Act of 1953’.”

A BILL

To amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of more than five years but not in excess of twenty-five years and for acquisition of title to such properties and structures by the United States at or before the expiration of the lease terms, and for other purposes.

By Mr. ELLIOTT

JANUARY 29, 1953

Referred to the Committee on Government Operations

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued

June 3, 1953

For actions of

June 2, 1953

83rd-1st, No. 100

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HIGHLIGHTS: Senate received International Wheat Agreement. Senate debated State, Justice, Commerce appropriation bill. Senate subcommittee began marking up USDA appropriation bill. Sen. Langer favored more funds for school-lunch program. Sens. Kerr and Capehart discussed stabilization of cattle prices. Rep Copley and others opposed USDA reorganization plan. House committee ordered reported Alaskan statehood bill. Sen. Mundt inserted Secretary's S. Dak. speech. Rep. Rogers (Tex.) introduced bill authorizing CCC to sell corn at price fixed by Secretary.

HOUSE

1. REORGANIZATION. Rep. Cooley and others criticized the USDA reorganization plan, claiming it would give the Secretary too much power. (pp. 6127-31).
2. LANDS. The Interior and Insular Affairs Committee reported without amendment H.R. 1308, to amend the Color of Title Act (H. Rept. 497) (p. 6132).
3. FLOOD CONTROL. Passed without amendment S. 261, approving the Connecticut River flood control compact (pp. 6101-03). This bill will now be sent to the President.
Passed with amendment S. 117, to amend the Flood Control Act of 1941 relating to apportionment of moneys received on account of leasing of lands acquired by the U. S. for flood-control purposes (pp. 6101, 6105).
4. PERSONNEL. Passed without amendment S. 1870 to extend the time of the Committee on Retirement Policy for Federal Personnel for its report to Congress from Dec. 31, 1953, to June 30, 1954 (p. 6104). This bill will now be sent to the President.
Passed without amendment H.R. 4126, to continue the effectiveness of the war-risk and detention benefits for Federal employees until July 1, 1954 (p. 6105).

5. APPROPRIATION. Concluded consideration of H.R. 5471, the D. C. appropriation bill for 1954, but deferred a vote on the bill until Wednesday (pp. 6110-19).
6. MINERALS. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H.R. 335, to amend the mineral leasing laws to eliminate the waiver of rentals for oil and gas leases, and H.R. 4983, amended, to define the surface rights vested in the locator of a mining claim hereafter made under U. S. mining laws (pp. D496, D497).
7. ALASKA. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H.R. 2982, amended, to provide for the admission of Alaska into the Union (p. D497).
8. DAIRY PRODUCTS. Rep. Marshall inserted a Stock and Dairy Farmer article pointing out the importance of dairy products as an industry and as food (p. 6098).
9. INTEREST RATES. Rep. Patman criticized the increase in U. S. bond interest rates and stated that "when Government bond prices commenced going down, farm prices commenced going down" (pp. 6124-26).
10. RESEARCH. Received from this Department the OES report for 1952 (p. 6132).
11. WATER CONSERVATION. Received a Texas Legislature memorial on the impediments of the water-conservation program of the several States, etc. (p. 6133).

SENATE

12. APPROPRIATIONS. Continued debate on H.R. 4974, the State, Justice, Commerce appropriation bill for 1954 (pp. 6070-2, 6082-95). Agreed to a committee amendment providing \$2,200,000 for the 1954 agriculture census (p. 6088). Agreed, 41-38, to a committee amendment providing \$9,400,000 for censuses of business and manufactures (pp. 6083-7). Sen. Knowland's motion to reconsider this vote was tabled, 39-35 (pp. 6087-8).

The Committee reduced the amount for forest highways by \$1,000,000 from the House allowance of \$15,000,000; this amount is \$4,000,000 below the current year, and \$6,000,000 below the 1954 budget estimate. In this connection, the committee's report states: "The committee heard testimony that only about 60 percent of the contracts would be liquidated in 1954, and therefore it is believed that the amount provided will be sufficient." For access roads the Senate committee version provides \$5,500,000, which is \$2,000,000 below the House bill, \$22,500,000 below the current year, and \$14,500,000 below the 1954 budget estimate. In explanation of this cut, the committee report states: "As of June 30, 1953, there will be an estimated unexpended balance of \$13,000,000, which, together with the amount recommended, will allow this program to go forward at about its present rate. The amount recommended will provide approximately \$14,500,000 for new projects."

The Appropriations Subcommittee began marking up for reporting to the full committee H.R. 5227, the agriculture appropriation bill for 1954 (p. D493).
13. WHEAT AGREEMENT. Received the President's message transmitting an agreement revising and renewing the International Wheat Agreement (Exec. H, 83rd Cong.), to Foreign Relations Committee (p. 6095).
14. LEASE-PURCHASE AGREEMENTS. The Government Operations Committee reported with amendments S. 690, authorizing the GSA Administrator to execute lease-purchase agreements covering real property (S. Rept. 318). (p. 6065)

AMENDING THE FEDERAL PROPERTY AND ADMINISTRATIVE
SERVICES ACT OF 1949, AS AMENDED, TO AUTHORIZE THE AD-
MINISTRATOR OF GENERAL SERVICES TO ENTER INTO LEASE-
PURCHASE AGREEMENTS

JUNE 2 (legislative day, MAY 28), 1953.—Ordered to be printed

Mr. MUNDT, from the Committee on Government Operations,
submitted the following

REPORT

[To accompany S. 690]

The Committee on Government Operations, to whom was referred the bill (S. 690) to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of more than 8 years but not in excess of 25 years, and for acquisition of title to such properties and structures by the United States at or before the expiration of the lease terms, and for other purposes, having considered the same, report favorably thereon, with amendments, and recommend that the bill, as amended, do pass. The amendments are as follows:

On page 4, strike out lines 15 through 19, and insert a new subsection (e), as follows:

(e) No proposed lease-purchase agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, thirty days prior to its effective date, to the Committee on Government Operations of the Senate and the Committee on Government Operations of the House of Representatives.

On page 6, line 7, after the word "of", strike out "1951" and insert "1953".

An identical bill to S. 690 was reported unanimously by this committee (S. 2137) in the 82d Congress on September 18, 1951, and a companion bill (H. R. 4323) passed the House of Representatives on May 15, 1952. The committee amendment conforms to action taken by the House in substituting the language cited above for a provision contained in S. 2137 which would have specifically required committee approval of lease-purchase agreements before they become effective.

Under the committee amendment, reports would be made to the respective committees 30 days prior to the effective date of the proposed lease-purchase agreements, in order that the Congress may be kept fully informed regarding programs initiated under authority of the proposed legislation.

PURPOSE

The purpose of this bill as amended in committee is to authorize the Administrator of General Services to enter into lease-purchase agreements for periods of not less than 8 years or more than 25 years, for acquisition of real property for permanent space requirements of departments and agencies of the Federal Government.

Under the provisions of the bill the Government would be authorized to apply funds appropriated for rent payments toward the ultimate purchase of the real property or structures concerned. Existing statutory limitations on annual rent payments of 15 percent of the fair market value would be maintained. Title would be acquired by the Government at the expiration of the designated lease period, with the rental paid, including interest, taxes, etc., constituting the total purchase price.

The objective of the bill is to permit the Government to procure space for permanent agencies in communities throughout the United States where it is clearly established that due to continuing Federal activities in such areas the space will be fully utilized in the conduct of Government business. The General Services Administration would be vested with the authority to reallocate space in buildings purchased under such contracts to meet changing agency needs, thus insuring continuous and full utilization of facilities procured.

The provisions of the bill would enable the Federal Government to acquire office and other space under private-construction programs at low rates of interest over an extended period within appropriations to Federal agencies now provided for the payment of rent. Its enactment would tend to eliminate high recurring rents necessary under present short-term lease contracts. Private investment firms, insurance companies, and local banking institutions would be encouraged to provide necessary construction funds under such a guaranty against loss and assurance of a fair return on investments over an extended period of years. Another advantage is that properties involved would continue to be subject to local taxes during the period of such leases. The Government would recover much of these investments through acquisition of title to the properties under contract at the expiration of the lease period.

The bill, if enacted into law, would provide the Federal Government with authority to initiate necessary building programs to meet its increasing requirements for office space in the various sections of the country, without the necessity of initiating public-works projects, or incurring an increase in the public debt. It would also provide standby authority under which such programs could be initiated in areas where present space facilities are inadequate, and resulting, in many instances, in reductions in current rent payments. It would provide a medium for partial alleviation of unemployment incident to any recession that may follow possible cutbacks in the national-defense program. Its full implementation, over an extended period of years, would promote centralization of the principal Federal services

in a conveniently located area, in communities where Federal activities are extensive, and eliminate existing wide dispersals of related Federal offices that presently cause great inconveniences to the public.

GENERAL STATEMENT AND ANALYSIS OF THE BILL

The proposed amendment to section 211 of the Federal Property and Administrative Services Act of 1949, under the subject bill, would authorize the Administrator of General Services to obtain and provide space for the accommodation of the permanent activities of the Government, both in and outside of the District of Columbia, including, with the approval of the Postmaster General, activities of the Post Office Department, by negotiating and entering into lease-purchase agreements. The terms of these agreements are not to be less than 8 or more than 25 years, and in each case they would provide that title to the property shall vest in the United States at or before the expiration of the leasehold term and upon the fulfillment of the terms and conditions stipulated in the lease-purchase agreement. The objective is to permit the Federal Government to purchase buildings for governmental use by applying rental payments under leases against the purchase price. However, the payments which would be made by the Government would consist not only of rental in the strict sense of that term but would also include moneys on account of the purchase price of the property as well also as payments in respect to interest, taxes, insurance, etc.

The measure would enable the Government to procure space through private construction at low interest rates, within appropriations to Federal agencies for payment of rent. General use of the lease-purchase agreement would, to the knowledge of the committee, be something new in Government operations. However, it is appropriate to note that authorization for application of the lease-purchase principle in a particular instance has been granted by the Congress in a recent enactment; namely, Public Law 74 of the 82d Congress, approved July 11, 1951, and entitled "An act to authorize the lease and purchase by the United States of the Young Men's Christian Association Building and premises in Phoenix, Ariz."

With the constant growth of the Government, additional space for its permanent activities is presently required both within and outside of the seat of government, and all indications point to progressive increase of such requirements in the future. Historically, the Government has obtained the space it needs either through construction or by rental of privately owned space under short-term lease agreements. The result has been that the Government in many cases has rented the same buildings from year to year for periods as long as 40 to 50 years, paying the real value of the property over and over again. This legislation would remedy the situation by allowing contracts to be entered into with private industry, covering rent and normal carrying charges, but under which ownership of the property would ultimately vest in the Government.

The United States for a number of years has been in a rapidly expanding economy, accompanied by marked increase in population. Office building construction has not kept apace with this development. With the existing high costs necessary to construct office buildings, private enterprise has been reluctant to go ahead with new construc-

tion. Rentals necessary to provide a reasonable return thereon are much in excess of the rentals that can be charged on buildings constructed 15 to 20 years ago. There must be assurance of continued occupancy for a period of years in order to offer a sound investment.

The Government finds itself at present competing with private enterprise for space at increasingly high rentals. These rentals in many cases have reached a point where, if applied to contracts entered into pursuant to the provisions of the pending bill, they would be sufficient to permit transfer of title to the Government in from 8 to 25 years. It is apparent, therefore, that considerable money could be saved to the Government by virtue of the proposed legislation, as contrasted to straight short-term leases to the Government at the termination of which it would have nothing by way of title to the properties.

An important feature of the bill is the authorization to the Administrator of General Services (contained in subsec. (b)) to exercise the powers granted by the measure with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements. From time to time properties become available at reasonably low prices as they become surplus to the owners' use. Often these properties can be converted and remodeled so as to make satisfactory quarters for the Government. This is particularly true of warehouses and semioffice buildings, and in cases where the business center of a city has shifted and a considerable reduction in real-estate values occurs in the location of the former center.

Subsection (c) is also important in that it would authorize the Administrator to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration. From time to time properties have been purchased throughout the United States, and are valuable and should be improved. That end could be economically attained under the authorization proposed by subsection (c).

Subsection (d) embodies a limitation to the effect that no lease-purchase agreement may provide for the payment by the United States of moneys in an aggregate annual amount in excess of 15 percent of the appraised fair market value of the property covered by the agreement. This provision, which is in line with the inhibition contained in section 322 of the act of June 30, 1932 (the so-called Economy Act), conforms to the intent of the bill, that the lease-purchase agreements shall be long-term in character. The committee believes that this provision would not only operate as a salutary check on administrative discretion, but would also make financing that much more attractive to interested investors. The committee recommended that the 15-percent limitation shall apply to the appraised fair market value, it being the understanding of the committee that the appraisals will be made by the General Services Administration, and that that Administration will make its determinations of fair market value in accordance with the general practices now prevailing with reference to the acquisition to public property.

Under the committee amendment, subsection (e) would require that each proposed lease-purchase agreement be submitted to the Com-

mittees on Government Operations of the Senate and of the House of Representatives 30 days prior to its proposed effective date. Because of the broad discretionary authority vested in the General Services Administrator under the provisions of this bill and the impact its exercise may have on real property throughout the country, the committee agreed that examination of each lease-purchase agreement should be made by the appropriate committees of the Congress before they become effective.

In inserting this subsection in the bill, the committee was of the opinion that sufficient authority would be vested in the Administrator of General Services to permit him to obtain options on property under a proposed lease-purchase agreement, when he finds such procurement is in the best interest of the Government, in order to permit of examination of the agreement by these committees before a final contract is executed.

Subsection (f) would authorize payments becoming due from the Government as current charges in connection with lease-purchase agreements to be made from appropriated funds available for the payment of rent and related charges for premises. It is provided, however, that no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the leasehold term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition. Such appropriations would be expressly authorized, subject to approval by the Appropriations Committees of the Congress.

Subsection (g) is divided into paragraphs (1) and (2). Paragraph (1) would make section 302 (c) of the Federal Property and Administrative Services Act of 1949, which requires that all purchases and contracts for supplies and services shall be made by advertising except for certain specified classes and situations where negotiation without advertising is permissible, apply to lease-purchase agreements executed under the authority of this proposed legislation.

This paragraph would also make applicable to such agreements section 355 of the Revised Statutes, requiring the written opinion of the Attorney General to be had in favor of validity of title to land proposed for purchase by the United States for purposes of construction in advance of expenditure of public money, but sets forth an exception to the effect that any lease-purchase agreement may be executed and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein. In connection with this exception, it is the view of the committee that the provision should be administered on the basis that validity of title is to be established within a period of 1 year from the date of each lease-purchase agreement, and that the Federal Government's expenditures during the intervening period would be adequately protected in the event title was not clear.

The flexible and convenient mode of acquisition of space provided for in the bill could not be put into effect without the exceptions specified in paragraph (2) of subsection (g) from certain restrictions imposed by existing statutes, summarization of which follows: Section 3734 of the Revised Statutes, as amended, provides that no money shall be paid nor contracts made for payment for any site for a public building in excess of the specific appropriation therefor.

Section 3736 of the Revised Statutes is to the effect that there shall be no purchase of land for the United States without specific congressional authorization. Section 1 of the act of March 3, 1877, provides that no lease shall be made in the District of Columbia for the Government without an appropriation therefor. Section 4 of the act of June 14, 1946, as amended, and section 407 of the act of June 16, 1949, as amended, respectively limit the procurement of space by lease by the Administrator of General Services for the housing of Federal agencies to periods not in excess of 5 years outside of the District of Columbia, and to periods not in excess of 1 year in the District. Paragraph (2) of subsection (g) concludes with a "catchall" exception from any other provision of law relating to acquisition of real property, construction of buildings, or leasing of space, subject to the specific provisions of the proposed legislation.

The bill, as reported by the committee, has the approval of the General Services Administration, the General Accounting Office, and a majority of the departments and agencies of the Federal Government. During the 82d Congress, considerable time and study were devoted to clarifying the original committee bill in line with a number of specific amendments which were considered and approved by the committee, in consultation with the legislative counsel of the Senate, and representatives of the Bureau of the Budget, the General Services Administration, and the Comptroller General of the United States.

The committee regards the lease-purchase procedures and objectives set forth in this bill to be a constructive step toward improving the procurement program of the Government in providing permanent office and warehouse facilities for Federal agencies throughout the country. It is in accord with the objectives set forth in the Hoover Commission's report on general services and further implements the provisions of the original Federal Property and Administrative Services Act.

The committee is firmly convinced that the enactment of this proposed legislation would provide a sound and continuing basis for the realization of economies in Government in its property management program, and a further important step toward promoting more efficiency in Government operations.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by this bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949 (63 STAT. 377),
AS AMENDED BY PUBLIC LAW 754, EIGHTY-FIRST CONGRESS (64 STAT. 578)

* * * * *

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* * * * *

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 Sec. 212. Motor vehicle identification.
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* * * * *

Lease-Purchase Agreements

SEC. 211. (a) Whenever the Administrator determines that (1) the needs for space for the permanent activities of the Federal Government in any particular area cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government and (2) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for the accommodation of activities of the Government, both in and outside of the District of Columbia including, with the approval of the Postmaster General, activities of the Post Office Department, by negotiating and entering into lease-purchase agreements the terms of which shall not be less than eight or more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the leasehold term and upon fulfillment of the terms and conditions stipulated in each of such lease-purchase agreements. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of rental payments made thereunder.

(b) The Administrator is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements.

(c) The Administrator is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration, including the demolition of obsolete and outmoded structures situate thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable lease-purchase agreement.

(d) Each such lease-purchase agreement shall include such provisions as the Administrator, in his discretion, shall deem to be in the best interests of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States: Provided, That no such agreement may provide for the payment by the United States in pursuance of the terms thereof of moneys in an aggregate annual amount in excess of 15 per centum of the appraised fair market value of the property at the date of the lease-purchase agreement, or in the case of property where construction shall not have been completed at that date, in excess of 15 per centum of the fair market value at the date of completion of such construction.

(e) No proposed lease-purchase agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, thirty days prior to its effective date, to the Committee on Government Operations of the Senate and the Committee on Government Operations of the House of Representatives.

(f) Funds now or hereafter available for the payment of rent and related charges for premises, whether appropriated directly to the General Services Administration or to any other agency of the Government and received by said Administration for such purpose, may be utilized by the Administrator to make payments becoming due from time to time from the United States as current charges in connection with agreements entered into under authority of this Act: Provided, That no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expira-

8 AMEND FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

tion of the lease-hold term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized.

(g) (1) Section 302 (e) of this Act and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to lease-purchase agreements executed under this Act, except that any such agreement may be executed and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

(2) Except as provided by paragraph (1), sections 3734 and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); section 4 of the Act of June 14, 1946 (60 Stat. 257), as amended; 40 U. S. C. 304e); section 407 of the Act of June 16, 1949 (63 Stat. 199; 40 U. S. C. Supp. 37a); and any other provision of law relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to lease-purchase agreements executed under this Act.

(h) This section may be cited as the "Federal Lease-Purchase Act of 1951".

MOTOR VEHICLE IDENTIFICATION

SEC. [211] 212. Under regulations prescribed by the Administrator, every motor vehicle acquired and used for official purposes within the United States, its Territories, or possessions, by any Federal agency or the District of Columbia shall be conspicuously identified by showing thereon either (a) the full name of the department, establishment, corporation, or agency by which it is used and the service in which it is used, or (b) a title descriptive of the service in which it is used if such title readily identifies the department, establishment, corporation, or agency concerned, and the legend "For official use only": *Provided*, That the regulations issued pursuant to this section may provide for exemptions from the requirement of this section when conspicuous identification would interfere with the purpose for which a vehicle is acquired and used.

REPORTS TO CONGRESS

SEC. [212] 213. The Administrator shall submit a report to the Congress, in January of each year and at such other times as he may deem it desirable, regarding the administration of his functions under this Act, together with such recommendations for amendments to this act as he may deem appropriate as the result of the administration of such functions, at which time he shall also cite the laws becoming obsolete by reason of passage or operation of the provisions of this Act.



S. 690

[Report No. 318]

IN THE SENATE OF THE UNITED STATES

JANUARY 29, 1953

Mr. McCARTHY (for himself, Mr. McCLELLAN, Mr. HOEY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. DWORSHAK, Mr. HUMPHREY, Mr. BUTLER of Maryland, and Mr. POTTER) introduced the following bill; which was read twice and referred to the Committee on Government Operations

JUNE 2 (legislative day, MAY 28), 1953

Reported by Mr. MUNDT, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of more than eight years but not in excess of twenty-five years and for acquisition of title to such properties and structures by the United States at or before the expiration of the lease terms, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Federal Property and Administrative Services Act
4 of 1949, as amended, is further amended by—

5 (a) redesignating sections 211 and 212 thereof as

1 sections 212 and 213, respectively, and wherever such
2 section numbers appear in such Act as amended, they
3 are amended to conform to redesignation prescribed by
4 this subsection;

5 (b) inserting in the table of contents appearing in
6 the first section of such Act as amended, immediately
7 after the line in which "Sec. 210" appears, the following:
"Sec. 211. Lease-purchase agreements."; and

8 (c) inserting, immediately after section 210 of the
9 Act as amended, the following new section:

10 "LEASE-PURCHASE AGREEMENTS

11 "SEC. 211. (a) Whenever the Administrator determines
12 that (1) the needs for space for the permanent activities
13 of the Federal Government in any particular area cannot
14 be satisfied by utilization of any existing property suitable
15 for the purpose then owned by the Government and (2)
16 the best interests of the United States will be served by
17 taking action hereunder, he is hereby authorized to obtain
18 and provide space for the accommodation of activities of the
19 Government, both in and outside of the District of Columbia,
20 within the continental limits of the United States, including,
21 with the approval of the Postmaster General, activities of the
22 Post Office Department, by negotiating and entering into
23 lease-purchase agreements the terms of which shall not be
24 less than eight or more than twenty-five years and which

1 shall provide in each case that title to the property shall
2 vest in the United States at or before the expiration of
3 the leasehold term and upon fulfillment of the terms and
4 conditions stipulated in each of such lease-purchase agree-
5 ments. Such terms and conditions shall include provision
6 for the application to the purchase price agreed upon therein
7 of rental payments made thereunder.

8 “(b) The Administrator is authorized to exercise the
9 powers granted in this section with respect to existing prop-
10 erties, including those for which conversions, additions, ex-
11 tensions, or remodeling may be required, and properties
12 upon which construction is to be subsequently effected in
13 pursuance of the terms of applicable lease-purchase
14 agreements.

15 “(c) The Administrator is authorized to enter into
16 agreements, with any person, copartnership, corporation, or
17 other public or private entity, to effectuate any of the pur-
18 poses of this section; and is further authorized to bring
19 about the development and improvement of any land owned
20 by the United States and under the control of the General
21 Services Administration, including the demolition of obsolete
22 and outmoded structures situate thereon, by providing for
23 the construction thereon by others of such structures and
24 facilities as shall be the subject of the applicable lease-
25 purchase agreement.

1 “(d) Each such lease-purchase agreement shall include
2 such provisions as the Administrator, in his discretion, shall
3 deem to be in the best interests of the United States and ap-
4 propriate to secure the performance of the obligations im-
5 posed upon the party or parties that shall enter into such
6 agreement with the United States: *Provided*, That no such
7 agreement may provide for the payment by the United
8 States in pursuance of the terms thereof of moneys in an
9 aggregate annual amount in excess of 15 per centum of the
10 appraised fair market value of the property at the date of the
11 lease-purchase agreement, or in the case of property where
12 construction shall not have been completed at that date, in
13 excess of 15 per centum of the fair market value at the date
14 of completion of such construction.

15 ~~“(e) No proposed lease-purchase agreement shall be~~
16 ~~executed under this section until it has been submitted to and~~
17 ~~approved by the Committee on Government Operations of~~
18 ~~the Senate and the Committee on Government Operations of~~
19 ~~the House of Representatives.~~

20 “(e) *No proposed lease-purchase agreement calling for*
21 *the expenditure of more than \$50,000 per annum shall be*
22 *executed under this section unless it has been submitted, thirty*
23 *days prior to its effective date, to the Committee on Govern-*
24 *ment Operations of the Senate and the Committee on Govern-*
25 *ment Operations of the House of Representatives.*

1 “(f) Funds now or hereafter available for the payment
2 of rent and related charges for premises, whether appro-
3 priated directly to the General Services Administration or
4 to any other agency of the Government and received by
5 said Administration for such purposes, may be utilized by
6 the Administrator to make payments becoming due from
7 time to time from the United States as current charges in
8 connection with agreements entered into under authority of
9 this Act: *Provided*, That no such funds may be expended
10 for acquisition of title to the property covered by any such
11 agreement prior to the expiration of the lease-hold term
12 specified therein (whether by exercise of option to purchase
13 or otherwise) in the absence of specific appropriation of
14 funds for such acquisition, which appropriations are hereby
15 authorized.

16 “(g) (1) Section 302 (c) of this Act and section
17 355 of the Revised Statutes, as amended (50 U. S. C. 175),
18 shall apply to lease-purchase agreements executed under
19 this Act, except that any such agreement may be executed
20 and placed in effect after request for but prior to receipt
21 of an opinion of the Attorney General with respect to the
22 validity of title to the property described therein.

23 “(2) Except as provided by paragraph (1), sections
24 3734 and 3736 of the Revised Statutes, as amended (40
25 U. S. C. 259; 41 U. S. C. 14); section 1 of the Act of

1 March 3, 1877 (19 Stat. 370; 40 U. S. C. 34) ; section 4
2 of the Act of June 14, 1946 (60 Stat. 257, as amended; 40
3 U. S. C. 304c) ; section 407 of the Act of June 16, 1949
4 (63 Stat. 199; 40 U. S. C. Supp. 37a) ; and any other
5 provision of law relating to the acquisition of real property,
6 construction of buildings, or leasing of space, shall not apply
7 to lease-purchase agreements executed under this Act.

8 “(h) This section may be cited as the ‘Federal Lease-
9 Purchase Act of ~~1951~~ 1953’.”

83d CONGRESS
1st Session

S. 690

[Report No. 318]

A BILL

To amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of more than eight years but not in excess of twenty-five years and for acquisition by title to such properties and structures by the United States at or before the expiration of the lease terms, and for other purposes.

By Mr. McCARTHY, Mr. McCLELLAN, Mr. HOEY,
Mr. MUNDT, Mrs. SMITH of Maine, Mr.
DWORKIN, Mr. HUMPHREY, Mr. BUTLER of
Maryland, and Mr. POTTER

JANUARY 29, 1953

Read twice and referred to the Committee on
Government Operations

JUNE 2 (legislative day, MAY 28), 1953

Reported with amendments

83^D CONGRESS
1ST SESSION

S. 2041

IN THE SENATE OF THE UNITED STATES

JUNE 3 (legislative day, MAY 28), 1953

MR. MARTIN introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings for housing of Federal agencies or departments, including post offices, by executing purchase contracts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Public Buildings Act of 1949 is amended by (a)
4 redesignating section 411 thereof as section 412; and (b)
5 inserting, immediately after section 410 thereof, the following
6 new section:

1 "PURCHASE CONTRACTS

2 "SEC. 411. (a) Whenever the Administrator of Gen-
3 eral Services determines that (1) the needs for space for
4 the permanent activities of the Federal Government, includ-
5 ing space for post offices, in any particular area cannot be
6 satisfied by utilization of any existing property suitable for
7 the purpose then owned by the Government, and (2) a
8 project for constructing a post office or other public building
9 is eligible under the geographical allocation and distribution
10 of buildings set forth in section 102 of this Act, and (3) the
11 best interests of the United States shall be served by taking
12 action hereunder, he is hereby authorized to obtain and
13 provide space for the accommodation of activities of the
14 Government, both in and outside the District of Columbia,
15 within the continental limits of the United States, including,
16 with the approval of the Postmaster General, activities of the
17 Post Office Department, by negotiating and entering into
18 purchase contracts, the terms of which shall not be less than
19 or more than twenty-five years and which shall provide in
20 each case that title to the property shall vest in the United
21 States at or before the expiration of the contract term and
22 upon fulfillment of the terms and conditions stipulated in
23 each of such purchase contracts. Such terms and conditions
24 shall include provision for the application to the purchase
25 price agreed upon therein of installment payments made

1 thereunder including provision for the exchange of surplus
2 real property or real property which may become surplus
3 as a result of such agreement, where the Administrator de-
4 termines that the best interests of the Government in economy
5 and efficiency of operation will be served.

6 “(b) The Administrator of General Services is author-
7 ized to exercise the powers granted in this section with
8 respect to existing properties, including those for which con-
9 versions, additions, extensions, or remodeling may be re-
10 quired, and properties upon which construction is to be
11 subsequently effected in pursuance of the terms of applicable
12 purchase contracts.

13 “(c) The Administrator of General Services is author-
14 ized to enter into agreements with any person, copartnership,
15 corporation, or other public or private entity, to effectuate
16 any of the purposes of this section; and is further authorized
17 to bring about the development and improvement of any land
18 owned by the United States and under the control of the
19 General Services Administration including the demolition
20 of obsolete and outmoded structures situated thereon, by
21 providing for the construction thereon by others of such
22 structures and facilities as shall be the subject of the ap-
23 plicable purchase contracts.

24 “(d) Each such purchase contract shall include such
25 provisions as the Administrator of General Services, in his

1 discretion, shall deem to be in the best interests of the
2 United States and appropriate to secure the performance of
3 the obligations imposed upon the party or parties that shall
4 enter into such agreement with the United States: *Pro-*
5 *vided*, That no such agreement may provide for the payment
6 by the United States in pursuance of the terms thereof of
7 moneys in an aggregate annual amount in excess of 15 per
8 centum of the appraised fair market value of the property
9 at the date of the purchase contract, or in the case of property
10 where construction shall not have been completed at that
11 date in excess of 15 per centum of the fair market value at
12 the date of completion of such construction: *And provided*
13 *further*, That the Administrator of General Services before
14 executing any proposed purchase contract under this Act
15 shall submit the same for approval to the committees of the
16 Congress having jurisdiction of the subject matter, which
17 approval shall be expressed by a committee resolution jointly
18 adopted by such committees.

19 “(e) Funds now or hereafter available for the payment
20 of rent and related charges for premises, whether appro-
21 priated directly to the General Services Administration or to
22 any other agency of the Government and received by said
23 Administration for such purpose, may be utilized by the Ad-
24 ministrator of General Services to make payments becoming
25 due from time to time from the United States as current

1 charges in connection with agreements entered into under
2 authority of this Act: *Provided*, That no such funds may be
3 expended for acquisition of title to the property covered by
4 any such agreement prior to the expiration of the contract
5 term specified therein (whether by exercise of option to pur-
6 chase or otherwise) in the absence of specific appropriation
7 of funds for such acquisition, which appropriations are here-
8 by authorized: *Provided further*, That the value of any Gov-
9 ernment real property to be exchanged under any such
10 agreement may be credited at the time of exchange to the
11 payments to be made by the United States thereunder: *Pro-*
12 *vided further*, That Government real property to be ex-
13 changed may be credited in whole or in part to the pur-
14 chase price of the property for which it is exchanged, except
15 that where the amount of the credit for the real property to
16 be exchanged exceeds the amount of the purchase price, the
17 amount of the remaining proceeds shall be covered into the
18 miscellaneous receipts of the Treasury of the United States.

19 “(f) If any provision of this section or the application
20 thereof to any person or circumstance is held invalid, the
21 remainder of this section and the application thereof to other
22 persons or circumstances shall not be affected thereby.

23 “(g) (1) Section 302 (c) of this Act and section 355
24 of the Revised Statutes, as amended (50 U. S. C. 175),
25 shall apply to lease-purchase agreements executed under

1 this Act, except that any such agreement may be executed
2 and placed in effect after request for but prior to receipt of
3 an opinion of the Attorney General with respect to the
4 validity of title to the property described therein.

5 “(2) Except as provided by paragraph (1) of this sub-
6 section, sections 3734 and 3736 of the Revised Statutes, as
7 amended (40 U. S. C. 259; 41 U. S. C. 14) ; section 1 of
8 the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34) ;
9 section 4 of the Act of June 14, 1946 (60 Stat. 257, as
10 amended; 40 U. S. C. 304c) ; section 407 of the Act of June
11 16, 1949 (63 Stat. 199; 40 U. S. C. Supp. 37a) ; and any
12 other provision of law relating to the acquisition of real
13 property, construction of buildings, or leasing of space, shall
14 not apply to lease-purchase agreements executed under this
15 Act.

16 “(h) This section may be cited as the ‘Public Buildings
17 Purchase Contract Act of 1953’.”

A BILL

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings for housing of Federal agencies or departments, including post offices, by executing purchase contracts, and for other purposes.

By Mr. MARTIN

JUNE 3 (legislative day, MAY 28), 1953

Read twice and referred to the Committee on
Public Works

7-16-53 S. 690 Passed over in Senate

7-23-53 Senate indefinitely postponed
S 690 due to report
of S 2457

83D CONGRESS
1ST SESSION

H. R. 6342

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 1953

Mr. McGREGOR introduced the following bill; which was referred to the Committee on Public Works

A BILL

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—GENERAL SERVICES

4 ADMINISTRATION

5 SEC. 101. The Public Buildings Act of 1949 is amended
6 by (1) redesignating section 411 thereof as section 412,

1 and (2) inserting, immediately after section 410 thereof,
2 the following new section:

3 “SEC. 411. (a) Whenever the Administrator of General
4 Services determines that (1) the needs for space for the
5 permanent activities of the Federal Government in any par-
6 ticular area cannot be satisfied by utilization of any existing
7 property suitable for the purpose then owned by the Govern-
8 ment, and (2) the best interests of the United States will
9 be served by taking action hereunder, he is hereby author-
10 ized to obtain and provide space for the accommodation of
11 activities of the Government in the several States, the Dis-
12 trict of Columbia, and the Territories and possessions of the
13 United States (including Guam) , except for the accommoda-
14 tion of activities of the Post Office Department, by negotiat-
15 ing and entering into purchase contracts, the terms of which
16 shall not be less than ten nor more than twenty-five years
17 and which shall provide in each case that title to the property
18 shall vest in the United States at or before the expiration of
19 the contract term and upon fulfillment of the terms and con-
20 ditions stipulated in each of such purchase contracts. Such
21 terms and conditions shall include provision for the applica-
22 tion to the purchase price agreed upon therein of installment
23 payments made thereunder including provision for the ex-
24 change of surplus real property or real property which may
25 become surplus as a result of such agreement, where the

1 Administrator determines that the best interests of the Gov-
2 ernment in economy and efficiency of operation will be
3 served.

4 “(b) The Administrator of General Services is author-
5 ized to exercise the powers granted in this section with
6 respect to existing properties, including those for which con-
7 versions, additions, extensions, or remodeling may be re-
8 quired, and properties upon which construction is to be
9 subsequently effected in pursuance of the terms of applicable
10 purchase contracts.

11 “(c) The Administrator of General Services is author-
12 ized to enter into agreements with any person, copartnership,
13 corporation, or other public or private entity, to effectuate
14 any of the purposes of this section; and is further authorized
15 to bring about the development and improvement of any land
16 owned by the United States and under the control of the
17 General Services Administration including the demolition of
18 obsolete and outmoded structures situated thereon, by provid-
19 ing for the construction thereon by others of such structures and
20 facilities as shall be the subject of the applicable purchase
21 contracts.

22 “(d) Each such purchase contract shall include such
23 provisions as the Administrator of General Services, in his
24 discretion, shall deem to be in the best interests of the United
25 States and appropriate to secure the performance of the

1 obligations imposed upon the party or parties that shall enter
2 into such agreement with the United States: *Provided*, That
3 no such agreement may provide for the payment by the
4 United States in pursuance of the terms thereof of moneys
5 in an aggregate annual amount in excess of 15 per centum
6 of the appraised fair market value of the property at the date
7 of the purchase contract, or in the case of property where
8 construction shall not have been completed at that date in
9 excess of 15 per centum of the fair market value at the date
10 of completion of such construction.

11 “(e) No proposed purchase contract agreement calling
12 for the expenditure of more than \$50,000 per annum shall
13 be executed under this section unless it has been submitted,
14 thirty days prior to its effective date, to the President of the
15 Senate and to the Speaker of the House of Representatives
16 for appropriate reference to committees.

17 “(f) Funds now or hereafter available for the payment
18 of rent and related charges for premises, whether appro-
19 priated directly to the General Services Administration or to
20 any other agency of the Government and received by said
21 Administration for such purpose, may be utilized by the
22 Administrator of General Services to make payments becom-
23 ing due from time to time from the United States as current
24 charges in connection with agreements entered into under
25 authority of this section: *Provided*, That no such funds may

1 be expended for acquisition of title to the property covered
2 by any such agreement prior to the expiration of the contract
3 term specified therein (whether by exercise of option to pur-
4 chase or otherwise) in the absence of specific appropriation
5 of funds for such acquisition, which appropriations are
6 hereby authorized: *Provided further*, That the value of any
7 Government real property to be exchanged under any such
8 agreement may be credited at the time of exchange to the
9 payments to be made by the United States thereunder: *Pro-*
10 *vided further*, That Government real property to be ex-
11 changed may be credited in whole or in part to the purchase
12 price of the property for which it is exchanged, except that
13 where the amount of the credit for the real property to be ex-
14 changed exceeds the amount of the purchase price, the
15 amount of the remaining proceeds shall, except as provided
16 in section 205 of the Post Office Department Property Act
17 of 1953, be covered into the miscellaneous receipts of the
18 Treasury of the United States.

19 “(g) When requested by the Postmaster General, the
20 Administrator of General Services is hereby authorized to
21 exercise the authority vested in him by this section (1) to
22 acquire property for postal purposes, or (2) to provide space
23 for postal purposes in buildings acquired under this section
24 for other purposes.

25 “(h) With respect to any interest in real property

1 acquired under the provisions of this section, the same shall
2 be subject to State and local taxes until title to the same shall
3 pass to the Government of the United States.

4 “(i) If any provision of this section or the application
5 thereof to any person or circumstance is held invalid, the
6 remainder of this section and the application thereof to other
7 persons or circumstances shall not be affected thereby.

8 “(j) (1) Section 302 (c) of the Federal Property and
9 Administrative Services Act of 1949 and section 355 of the
10 Revised Statutes, as amended (50 U. S. C. 175), shall
11 apply to purchase contract agreements entered into under this
12 section, except that any such agreement may be entered into
13 and placed in effect after request for but prior to receipt
14 of an opinion of the Attorney General with respect to the
15 validity of title to the property described therein.

16 “(2) Except as provided by paragraph (1) of this
17 subsection, sections 3733, 3734, and 3736 of the Revised
18 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
19 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
20 40 U. S. C. 34) ; section 3 of the Act of August 27, 1935,
21 as amended (60 Stat. 257; 40 U. S. C. 304c) ; section 407
22 of this Act; and any other provision of law (except appli-
23 cable labor standards provisions) relating to the acquisition of
24 real property, construction of buildings, or leasing of space,

1 shall not apply to purchase contract agreements executed
2 under this section.”

3 SEC. 102. It is not the intention of the Congress that
4 the program authorized by this title shall constitute a sub-
5 stitute for or a replacement of any program for the con-
6 struction by the United States of such structures as may be
7 required from time to time by the Federal Government.

8 SEC. 103. This title may be cited as the “Public Build-
9 ings Purchase Contract Act of 1953”.

10 TITLE II—POST OFFICE DEPARTMENT

11 SEC. 201. It is the purpose of this title to supplement
12 existing provisions of law for the leasing of space for postal
13 purposes by providing authorization for the acquisition by
14 the Postmaster General of such space through the execu-
15 tion of lease-purchase and other agreements under which the
16 United States will obtain immediate use of such space and
17 will make periodic payments, and in the case of lease-
18 purchase agreements will obtain title to the property de-
19 scribed therein at or prior to the end of the term prescribed
20 therein. It is not the intention of the Congress that the
21 program authorized by section 202 of this title shall con-
22 stitute a substitute for or a replacement of any program for
23 the construction by the United States of such structures as
24 may be required from time to time by the postal service.

1 SEC. 202. (a) Whenever the Postmaster General de-
2 termines that (1) there is a substantial need for space for
3 postal purposes in any particular area which cannot be satis-
4 fied by utilization of any existing property suitable for the
5 purpose then owned by the Government, (2) the receipts of
6 the post office serving such area exceed \$10,000 per year,
7 and (3) the best interests of the United States will be served
8 by taking action hereunder, he is hereby authorized to ob-
9 tain and provide space for postal purposes in suitable struc-
10 tures of permanent-type construction in the several States,
11 the District of Columbia, and the Territories and possessions
12 of the United States (including Guam), by negotiating and
13 entering into lease-purchase agreements, the terms of which
14 shall not be less than ten nor more than twenty-five years
15 and which shall provide in each case that title to the property
16 shall vest in the United States at or before the expiration of
17 the leasehold term and upon fulfillment of the terms and con-
18 ditions stipulated in each of such lease-purchase agreements.
19 Such terms and conditions shall include provision for the ap-
20 plication to the purchase price agreed upon therein of rental
21 payments made thereunder. Such payments under any such
22 agreement may include amounts for the amortization of the
23 fair market value on the date of such agreement of the prop-
24 erty described therein. The financial transactions of the
25 Post Office Department with respect to such lease-purchase

1 agreements shall be subject to the accounting and auditing
2 requirements of the Post Office Department Financial Control
3 Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first
4 Congress, second session).

5 (b) The Postmaster General is authorized to exercise
6 the powers granted in this section with respect to existing
7 properties, including those for which conversions, additions,
8 extensions, or remodeling may be required, and properties
9 upon which construction is to be subsequently effected in
10 pursuance of the terms of applicable lease-purchase agree-
11 ments.

12 (c) The Postmaster General is authorized to enter into
13 agreements, with any person, copartnership, corporation, or
14 other public or private entity, to effectuate any of the
15 purposes of this section; and is further authorized to bring
16 about the development and improvement of any land pur-
17 chased by the United States for postal purposes, including
18 the demolition of obsolete and outmoded structures situate
19 thereon, by providing for the construction thereon by others
20 of such structures and facilities as shall be the subject of
21 the applicable lease-purchase agreement.

22 (d) Each such lease-purchase agreement shall include
23 such provisions as the Postmaster General, in his discretion,
24 shall deem to be in the best interest of the United States
25 and appropriate to secure the performance of the obligations

1 imposed upon the party or parties that shall enter into such
2 agreement with the United States.

3 (c) Funds available to the Post Office Department
4 for the payment of rents are authorized to be utilized
5 by the Postmaster General to make any payments becom-
6 ing due from time to time from the United States in
7 pursuance of lease-purchase agreements entered into under
8 the authority of this title: *Provided*, That no such funds
9 may be expended for acquisition of title to the property
10 covered by any lease-purchase agreement prior to the ex-
11 piration of the leasehold term specified therein (whether
12 by exercise of option to purchase or otherwise) in the absence
13 of specific appropriation of funds for such acquisition, which
14 appropriations are hereby authorized.

15 SEC. 203. (a) Notwithstanding any other provision of
16 law, the Postmaster General is authorized to—

17 (1) negotiate and enter into lease agreements with
18 any person, copartnership, corporation, or other public
19 or private entity, on such terms as the Postmaster Gen-
20 eral deems to be in the best interests of the United
21 States, for the erection by such lessor of such buildings
22 and improvements for postal purposes as the Postmaster
23 General deems appropriate, on lands sold, leased, or
24 otherwise disposed of by the Postmaster General to, or

1 otherwise acquired by, such person, copartnership, cor-
2 poration, or public or private entity;

3 (2) for the purposes of paragraph (1) of this sec-
4 tion, and without regard to the Federal Property and
5 Administrative Services Act of 1949 (Act of June 30,
6 1949, ch. 288, Eighty-first Congress, first session), as
7 amended—

8 (A) acquire by purchase, condemnation, lease,
9 donation, or otherwise, and on such terms as he
10 shall deem appropriate to the best interests of the
11 United States, real property and interests therein,
12 for use for postal purposes; and

13 (B) dispose of real property, and interests
14 therein, acquired for use or used for postal pur-
15 poses by sale, lease, or otherwise, on such terms
16 as he shall deem appropriate to the best interests
17 of the United States.

18 (b) Funds available to the Post Office Department
19 for the payment of rents are authorized to be utilized by
20 the Postmaster General for the purposes of this section.

21 SEC. 204. The Postmaster General may, at the time he
22 enters into any lease-purchase or lease agreement under
23 authority of this title, include in such agreement a provision
24 for adjustment of the rental paid to any lessor to compen-

1 sate for any increase or decrease in taxes on the leased
2 property.

3 SEC. 205. Amounts received by the Government from
4 sales, leases, or other disposals of property acquired in the
5 performance by the Postmaster General of the functions
6 vested in him by this title shall be credited to the current
7 applicable appropriation of the Post Office Department
8 and shall be available for expenditure for the purposes of
9 this title.

10 SEC. 206. The Postmaster General shall take title, on
11 behalf of the United States, to all real property purchased
12 by him under authority of this title.

13 SEC. 207. (a) Section 355 of the Revised Statutes, as
14 amended (50 U. S. C. 175), shall apply to the acquisition
15 in fee simple of real property under this title, except that
16 any lease-purchase agreement to acquire real property under
17 this title may be entered into and placed in effect after
18 request for but prior to receipt of an opinion of the Attor-
19 ney General with respect to the validity of title to the real
20 property described therein.

21 (b) Section 3709 of the Revised Statutes, as amended
22 (41 U. S. C. 5), shall apply (1) to the acquisition of real
23 property by lease-purchase agreements, under authority of
24 section 202 of this title, and (2) to the lease agreements

1 entered into under authority of paragraph (1) of section
2 203 (a) of this title.

3 (c) Except as provided by subsections (a) and (b) of
4 this-section, sections 3733, 3734, and 3736 of the Revised
5 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
6 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
7 40 U. S. C. 34) ; and any other provision of law (except
8 applicable labor standards provisions) relating to the acqui-
9 sition or disposal of real property, construction of buildings, or
10 leasing of space, shall not apply to any of the functions
11 performed by the Postmaster General in effectuating the
12 purposes of this title.

13 SEC. 208. No agreement shall be entered into under this
14 title later than a date ten years after the date of enactment
15 of this title.

16 SEC. 209. The Postmaster General shall include in his
17 annual report an account of transactions conducted during
18 the applicable year pursuant to the provisions of this title.

19 SEC. 210. This title may be cited as the "Post Office
20 Department Property Act of 1953".

A BILL

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

By Mr. McGREGOR

JULY 16, 1953

Referred to the Committee on Public Works

AMENDING THE PUBLIC BUILDINGS ACT OF 1949 TO AUTHORIZE THE ADMINISTRATOR OF GENERAL SERVICES TO ACQUIRE TITLE TO REAL PROPERTY AND TO PROVIDE FOR THE CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS THEREON BY EXECUTING PURCHASE CONTRACTS: TO EXTEND THE AUTHORITY OF THE POSTMASTER GENERAL TO LEASE QUARTERS FOR POST-OFFICE PURPOSES

JULY 17, 1953.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. McGREGOR, from the Committee on Public Works, submitted the following

REPORT

[To accompany H. R. 6342]

The Committee on Public Works, to whom was referred the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to provide for the acquisition of title to real property and the construction of public buildings by the Administrator of General Services and the Postmaster General by means of purchase-contract agreements and term-lease agreements for the accommodations of activities of the Federal Government.

The committee now has before it a number of individual bills calling for the construction of post offices and other Federal buildings in various localities. Many of these projects will be covered by the terms of H. R. 6342.

For a number of years public-buildings construction has been practically at a standstill. During this period the activities of the Government have expanded tremendously, paralleling the tremendous

increase in the Nation's business activity coupled with an above-normal increase in population during the war and postwar years. Now the Federal Government finds itself with a highly inadequate physical establishment to carry on its multitude of activities in an efficient and businesslike manner.

Historically, the Government has obtained the space it needs either through construction, or by rental of privately owned space. The result has been that the Government, in many cases, has rented the same buildings for periods as long as 40 to 50 years. H. R. 6342 would remedy the situation by allowing contracts to be entered into with private parties, whereunder ownership of the property would ultimately vest in the Government. It authorizes an orderly program for acquisition of Federal public-building projects considered necessary and desirable. It also authorizes the Postmaster General to negotiate term-lease agreements with greater latitude than present law permits.

The Public Buildings Act of 1949, reported from this committee, authorized a program for site acquisition and for the design of Federal building projects. However, there has been no authorization for the actual construction of public buildings. Sites acquired, and plans and specifications prepared as a result of the Public Buildings Act of 1949 could be utilized under the provisions of H. R. 6342.

The program contemplated by the subject bill will go a long way toward alleviating deplorable conditions in post offices and other Federal buildings in municipalities where, because of delayed maintenance and the cessation of public improvements during the war years, the demand for up-to-date conveniences is very urgent.

Extensive hearings and studies were conducted by the committee on H. R. 3702, H. R. 5406, and H. R. 6342, the bill here reported. Officials of the General Services Administration and the Post Office Department appeared or presented their statements favoring the major objectives of the legislation. There was no opposition from the Federal agencies, but a spokesman for the Post Office Department recommended certain amendments. The provisions contained in H. R. 6342 are the result of extended study and discussion between representatives of the General Services Administration, General Accounting Office, Bureau of the Budget, and the Post Office Department. This measure has grown out of recommendations made from many viewpoints.

Title I of the bill relates to matters under the jurisdiction of the Administrator of General Services. Title II of the bill relates to the Post Office Department. There is no conflict or inconsistency between the provisions of the two titles. To the contrary, they present the complete authority necessary for a well-rounded procurement program. Title I will provide the Administrator of General Services with modern tools, and title II will provide the Postmaster General with modern tools. Both titles will eliminate duplication and conflict in operation and will provide flexibility for cooperation between the two Departments.

It is not possible to estimate the savings that will result from the enactment of this measure. However, it is believed that the program will result in substantial savings to the Government.

ANALYSIS OF THE BILL

TITLE I

Section 101 amends the Public Buildings Act of 1949 by adding a new title to be cited as the "Public Buildings Purchase Contract Act of 1953."

Subsection (a) of the proposed new section of the Public Buildings Act of 1949 would authorize the Administrator of General Services to obtain and provide space for the accommodation of the permanent activities of the Government in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), except for the accommodation of activities of the Post Office Department, by negotiating and entering into purchase contracts. The terms of these contracts are to be not less than 10 or more than 25 years, and in each case they would provide that title to the property shall vest in the United States upon the fulfillment of the terms and conditions set forth in the purchase contract. The objective is to permit the Federal Government to purchase buildings or construct buildings for governmental use and apply the annual payments against the purchase price. The aggregate rent payments made by the Government would cover not only the cost of the property acquired, but during the term of the contract would also include payments for interest, taxes, and insurance.

It has been the practice of the Government, in municipalities where there are no federally owned quarters available, to rent space from private ownership and occupy leased premises for which it has paid considerable sums annually. These payments have been substantial and in some cases may have exceeded the fair market value of the property leased. To the knowledge of the committee, no procedure has been available in the past whereby title to such property would be transferred to the Government at the end of the lease period. Under the terms of H. R. 6342 the Government would be able to execute purchase contracts with private owners for real property occupied, or to be occupied, by the Government, and to apply funds appropriated for rent payments toward the ultimate purchase of the property.

The authority vested in the Administrator of General Services in the proposed legislation could be exercised only when existing property owned by the Government is not available or suitable for the purpose desired.

It is the sense of the committee that a project which meets the eligibility requirements as to geographical allocation and distribution of buildings set forth in section 102 of the Public Buildings Act of 1949 and is on the eligible list transmitted to the Congress pursuant to that act is a sufficient criterion to justify its consideration for construction under this program.

An important feature of H. R. 6342 is the authorization to the Administrator of General Services (contained in subsec. (b) of the proposed new section) to exercise the powers granted by the measure with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts. From time to time properties become available at reasonably low prices as they

become surplus to the owners' use. Often these properties can be converted and remodeled so as to make satisfactory quarters for the Government. This is particularly true with respect to warehouses and semioffice buildings, and in cases where the business center of a city has shifted, and a considerable reduction in real-estate values occurs in the location of the former center.

Subsection (c) is also important in that it authorizes the Administrator to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration. From time to time properties have been purchased throughout the United States and are valuable and should be improved. That end would be economically attained under the authorization proposed by this subsection.

Subsection (d) embodies a limitation to the effect that no purchase contract agreement may provide for the payment by the United States of moneys in an aggregate annual amount in excess of 15 percent of the appraised fair market value of the property covered by the agreement. The committee believes this to be a proper limitation and one that will make financing much more attractive to interested investors. The committee recommends that the 15 percent limitation shall apply to the appraised fair market value, it being the understanding of the committee that the appraisals will be made by the General Services Administration and that its determinations of fair market value will be made in accordance with the general practices now prevailing with reference to the acquisition of public property.

Subsection (e) requires that no proposed purchase contract agreement calling for the expenditure of more than \$50,000 per annum shall be executed unless it has been submitted, 30 days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

Because of the broad authority vested in the executive agencies by this bill, the committee agreed that Congress should retain some measure of control over the program by the examination of purchase contract agreements as set forth in subsection (e).

Subsection (f) would authorize payments becoming due from the Government as current charges in connection with purchase contracts to be made from appropriated funds available for the payment of rent and related charges for premises. It is provided, however, that no such funds may be expended for acquisition of title to the property covered by any such purchase contract prior to the expiration of the term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition. Such appropriations would be expressly authorized, subject to approval by the Appropriations Committees of the Congress.

This subsection would also permit the exchange of Government-owned real property for privately owned real property, when such exchange is deemed advisable in the public interest. It provides that Government real property so exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall be covered into the Treasury, except as provided in section 205 of title II of the bill.

Subsection (g) provides that when requested by the Postmaster General, the Administrator of General Services may acquire property for postal purposes or provide space for postal purposes in buildings acquired for other purposes.

Subsection (h) provides that properties involved would continue to be subject to State and local taxes during the period of the purchase contract agreements.

Subsection (i) provides that if any section, or the application thereof to any person or circumstance, is held invalid, the remainder of the section and application thereof to other persons or circumstances will not be affected thereby.

Subsection (j) is divided into paragraphs (1) and (2). Paragraph (1) would make section 302 (c) of the Federal Property and Administrative Services Act of 1949, which requires that all purchases and contracts for supplies and services shall be made by advertising except for certain specified classes and situations where negotiation without advertising is permissible, apply to purchase contracts executed under the authority of this proposed legislation.

This paragraph would also make applicable to such agreements section 355 of the Revised Statutes, requiring the written opinion of the Attorney General to be had in favor of validity of title to land proposed for purchase by the United States for purposes of construction in advance of expenditure of public money, but sets forth an exception to the effect that any purchase contract may be executed and placed in effect after request for, but prior to receipt of, an opinion of the Attorney General with respect to the validity of title to the property described therein.

The flexible and convenient mode of acquisition of space provided for in this bill could not be put into effect without the exceptions specified in paragraph (2) of subsection (j) from certain restrictions imposed by existing statutes, summarization of which follows:

Sections 3733 and 3734 of the Revised Statutes, as amended, provide that no money shall be paid nor contracts made for payment for any site for a public building or for the erection, repair, or furnishing of any public building in excess of the specific appropriation therefor. Section 3736 of the Revised Statutes is to the effect that there shall be no purchase of land for the United States without specific congressional authorization. Section 1 of the act of March 3, 1877, provides that no lease shall be made in the District of Columbia for the Government without an appropriation therefor. Section 3 of the act of August 27, 1935, as amended, and section 407 of the act of June 16, 1949, limited the procurement of space by lease by the Administrator of General Services for the housing of Federal agencies to periods not in excess of 5 years outside of the District of Columbia, and to periods not in excess of 1 year in the District of Columbia.

Paragraph (2) of subsection (j) concludes with a catchall exception from any other provision of law (other than applicable labor-standards provisions) relating to acquisition of real property, construction of buildings, or leasing of space, subject to the specific provisions of the proposed legislation.

Section 102 emphasizes that it is not the intent of the Congress that the program authorized by title I shall constitute a substitute for, or a replacement of, any program for the construction by the Govern-

ment of such structures as may be required from time to time by the various agencies.

Section 103 provides that title I may be cited as the "Public Buildings Purchase Contract Act of 1953."

TITLE II

Section 201 recites the purpose of title II and reiterates for this title the intent of Congress, expressed in section 102, that this legislation is not a substitute for or replacement of a Federal construction program.

Section 202 authorizes the Postmaster General to acquire necessary space by lease-purchase agreements for postal purposes at post offices having receipts exceeding \$10,000 per year. These agreements will be entered into under substantially the same terms and conditions as those applicable to the purchase contracts which will be made by the Administrator of General Services under section 101, referred to above, with technical changes to adapt this authority to the special problems of the postal establishment. It will be noted, however, that (1) the Postmaster General's authority to enter into such lease-purchase agreements is limited to a period of 10 years after enactment of this title and does not include exchange of Government-owned real property, (2) an account of the Postmaster General's transactions under this title must be included in his annual report, and (3) such transactions of the Postmaster General are subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950.

Section 203 authorizes the Postmaster General, for a period of 10 years after enactment, to enter into term-lease agreements for the erection by any person, firm, or entity of buildings for postal purposes on lands acquired by such lessors from either the Postmaster General or other sources.

For the purposes of this section the Postmaster General is authorized to acquire real property for postal purposes by purchase, condemnation, lease, donation, or otherwise, and to dispose of such property by sale, lease, or otherwise. Funds available to the Post Office Department for payment of rents will be used to carry out the purposes of this section. This authority with respect to acquisition and disposal of real property for the purpose of entering into term-lease agreements is intended to enable the Postmaster General to eliminate speculation in options in connection with the negotiation of such term leases.

Section 204 authorizes the inclusion in any lease-purchase or term-lease agreement made under title II of provision for adjustment of rent to compensate for any increase or decrease in taxes on the leased property.

Section 205 authorizes receipts from property disposals under title II to be credited to applicable postal appropriations and expended therefrom for the purposes of this title.

Section 206 requires the Postmaster General to take title to real property acquired under title II in the name of the United States.

Section 207 (a) requires approval by the Attorney General of the title to property acquired by the Postmaster General, but permits lease-purchase agreements to be made prior to final approval of title.

Subsection (b) of this section makes section 3709 of the Revised Statutes (requiring advertising for bids on public contracts) applicable to the lease purchase and term lease agreements provided for in title II. Subsection (c) specifically excepts the functions to be performed by the Postmaster General under title II except as provided in subsections (a) and (b) and except for applicable labor standards provisions—from the various statutes which require specific authorization or appropriations by Congress for the acquisition or disposal of real property, construction of buildings, or leasing of space for the Government.

Section 208 restricts the authority of the Postmaster General to enter into lease purchase agreements and term lease agreements under title II to a period beginning with the date of enactment and ending 10 years thereafter.

Section 209 requires the Postmaster General to include in his annual report an account of transactions which he has conducted pursuant to title II during the year covered by such report.

Section 210 provides that title II may be cited as the "Post Office Department Property Act of 1953."

Reports of the Postmaster General and the General Services Administrator, favoring enactment of H. R. 6342, are set forth below:

POST OFFICE DEPARTMENT,
OFFICE OF THE POSTMASTER GENERAL,
Washington 25, D. C., July 17, 1953.

HON. GEORGE A. DONDERO,
*Chairman, Committee on Public Works,
House of Representatives.*

DEAR MR. CHAIRMAN: Reference is made to your request for a report on H. R. 6342, a bill to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

The provisions contained in this measure are the result of extended study and discussion between representatives of the General Services Administration, General Accounting Office, Bureau of the Budget, and the Post Office Department. This measure has grown out of recommendations made from many viewpoints.

Title I of the bill relates to matters under the jurisdiction of the Administrator of General Services.

This title provides, in substance, for the acquisition of title to real property and the construction of public buildings by the Administrator of General Services by means of lease-purchase agreements for the accommodation of activities of the Federal Government, except accommodations for activities of the Post Office Department. This authority would be included in a new section 411 to be added to the Public Buildings Act of 1949 (approved June 16, 1949; 63 Stat. 176).

The exception with respect to accommodations for activities of the Post Office Department is necessary to leave the Postmaster General unhampered in the performance of the functions vested in him by title II of the bill. However, under the authority contained in subsection (g) of new section 411 of the Public Buildings Act of 1949, the Postmaster General is vested with authority to utilize the services of the Administrator of General Services in the procurement of property for postal purposes, when this would be in the best interests of the Government. Such authority, of course, is necessary to enable the Postmaster General to procure space for postal purposes in general purpose Federal buildings.

Title II of the bill relates to the Post Office Department.

The purpose and intent of this title is to authorize the Postmaster General to enter into two types of leaseholds (lease-purchase and term-lease agreements), not presently permissive, in the procurement of space to be used exclusively by the Post Office Department.

Historically, the Post Office Department has obtained its space needs through Government construction or by rental of privately owned space. With no

Federal construction of postal space since 1941, the ever-expanding need for the several types of modern postal facilities has been met through renting or leasing from private ownership. With no appropriations for Government post-office construction apparent in the foreseeable future the necessity for leasing of postal facilities will continue and increase.

In the interest of better leasing and rental economy it is imperatively important that the Postmaster General be given every device, tool, and technique commonly in present use by private business whereby there may be negotiated the most advantageous leasehold for the United States Government.

The provisions contained in title II of this measure, which are the result of extended study and discussion between this Department and representatives of the General Services Administration, General Accounting Office, and the Bureau of the Budget, will vest authority over the procurement of space to be used exclusively for postal purposes in the Post Office Department, the Department which is held responsible to the Congress for the efficient and economical operation of the mail service of the United States.

Under the terms of this title, this Department will be in a position to provide much-needed space and modern facilities either by lease-purchase agreements whereby the title to the property will vest in the United States at the end of the lease term, or, if more advantageous to the Government, to provide such space through term-lease agreements. This will enable the Department to take advantage of competitive open-market construction of buildings for postal purposes; take advantage of long-term amortization; take advantage of the use of private capital; and obtain control of the best sites available for the purpose desired and thus eliminate option speculation.

There is no conflict or inconsistency between the provisions of title I and title II. To the contrary, they present the complete authority necessary for a well-rounded procurement program. Title I will provide the Administrator of General Services with modern tools, and title II will provide the Postmaster General with modern tools. Both titles will eliminate duplication and conflict in operation and will provide flexibility for cooperation between the two departments.

It is not possible to estimate the savings that will result from the enactment of this measure. However, it is believed that the enactment of this measure will result in substantial savings to the Government.

This Department strongly favors this legislation and urges the early enactment of this measure.

The Bureau of the Budget has advised that it, the Bureau of the Budget, favors the enactment of this bill.

Sincerely yours,

ARTHUR E. SUMMERFIELD,
Postmaster General.

GENERAL SERVICES ADMINISTRATION,
Washington 25, D. C., July 17, 1953.

HON. GEORGE A. DONDERO,
*Chairman, Committee on Public Works,
House of Representatives, Washington 25, D. C.*

DEAR MR. DONDERO: Reference is made to your request of July 16, 1953, for an expression of the views of this Administration on H. R. 6342, to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

As you know, this Administration has urged the enactment of other bills containing similar provisions in this and previous sessions of the Congress, both in writing (e. g., letter to you of April 23, 1953, commenting on H. R. 3702) and by oral testimony of its representatives before committees which have had such legislation under consideration.

We have carefully reviewed H. R. 6342, which would incorporate in one bill provisions relating to the General Services Administration and the Post Office Department that have hitherto been the subject of separate legislative proposals, and strongly advocate its enactment in substantially its present form. The "single package" legislation is, in my opinion, most desirable, and the provisions of both titles are entirely satisfactory to this Administration with the one exception noted below.

Title I of the bill, relating to this Administration, is drafted as an amendment to the Public Buildings Act of 1949. It would seem preferable that this title, like title II relating to the Post Office Department, be enacted as independent legislation. While the exercise of the lease-purchase authority would result ultimately in the acquisition of title to buildings constructed by private enterprise, the method of providing such buildings is quite different from that contemplated in the 1949 and other public buildings acts, which authorized programs for acquisition of sites for buildings to be constructed by the Government. Furthermore, it is my belief that the proposal is of sufficient importance and has sufficient merit to warrant enactment in the form of independent statutory authority for this Administration as for the Post Office Department.

The Bureau of the Budget has informally advised that it favors the enactment of H. R. 6342 and has no objection to the submission of this report.

Sincerely yours,

RUSSELL FORBES,
Acting Administrator.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law proposed by the bill are shown in parallel columns as follows:

PUBLIC BUILDINGS ACT OF 1949 (PUBLIC LAW 105, 81ST CONG.)

EXISTING LAW

NEW LANGUAGE

PUBLIC BUILDINGS PURCHASE CONTRACT ACT OF 1953

SEC. 411. All Acts and parts of Acts inconsistent or in conflict with the foregoing provisions are hereby repealed to the extent of such inconsistency or conflict.

SEC. 411. (a) Whenever the Administrator of General Services determines that (1) the needs for space for the permanent activities of the Federal Government in any particular area cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for the accommodation of activities of the Government in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), except for the accommodation of activities of the Post Office Department, by negotiating and entering into purchase contracts, the terms of which shall not be less than ten nor more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the contract term and upon fulfillment of the terms and conditions stipulated in each of such purchase contracts. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of installment payments made thereunder including provision for the exchange of surplus real property or real property which may become surplus as a result of such agreement, where the Administrator determines that the best interests of the Government in economy and efficiency of operation will be served.

EXISTING LAW

NEW LANGUAGE

(b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

(c) The Administrator of General Services is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demolition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable purchase contracts.

(d) Each such purchase contract shall include such provisions as the Administrator of General Services, in his discretion, shall deem to be in the best interests of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States: *Provided*, That no such agreement may provide for the payment by the United States in pursuance of the terms thereof of moneys in an aggregate annual amount in excess of 15 per centum of the appraised fair market value of the property at the date of the purchase contract, or in the case of property where construction shall not have been completed at that date in excess of 15 per centum of the fair market value at the date of completion of such construction.

(e) No proposed purchase contract agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, thirty days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

(f) Funds now or hereafter available for the payment of rent and related charges for premises, whether appropriated directly to the General Services Administration or to any other agency of the Government and received by said Administration for such purpose, may be utilized by the Administrator of

EXISTING LAW

NEW LANGUAGE

General Services to make payments becoming due from time to time from the United States as current charges in connection with agreements entered into under authority of this section: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the contract term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized: *Provided further*, That the value of any Government real property to be exchanged under any such agreement may be credited at the time of exchange to the payments to be made by the United States thereunder: *Provided further*, That Government real property to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall, except as provided in section 205 of the Post Office Department Property Act of 1953, be covered into the miscellaneous receipts of the Treasury of the United States.

(g) When requested by the Postmaster General, the Administrator of General Services is hereby authorized to exercise the authority vested in him by this section (1) to acquire property for postal purposes, or (2) to provide space for postal purposes in buildings acquired under this section for other purposes.

(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

(i) If any provision of this section or the application thereof to any person or circumstance is held invalid, the remainder of this section and the application thereof to other persons or circumstances shall not be affected thereby.

(j) (1) Section 302 (e) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to purchase contract agreements entered into under this section, except that any such agreement may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

EXISTING LAW

NEW LANGUAGE

(2) Except as provided by paragraph (1) of this subsection, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); section 3 of the Act of August 27, 1935, as amended (60 Stat. 257; 40 U. S. C. 304e); section 407 of this Act; and any other provision of law (except applicable labor standards provisions) relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to purchase contract agreements executed under this section.

○

Union Calendar No. 301

83D CONGRESS
1ST SESSION

H. R. 6342

[Report No. 875]

IN THE HOUSE OF REPRESENTATIVES

JULY 16, 1953

Mr. McGREGOR introduced the following bill; which was referred to the Committee on Public Works

JULY 17, 1953

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—GENERAL SERVICES

4 ADMINISTRATION

5 SEC. 101. The Public Buildings Act of 1949 is amended
6 by (1) redesignating section 411 thereof as section 412,

1 and (2) inserting, immediately after section 410 thereof,
2 the following new section:

3 “SEC. 411. (a) Whenever the Administrator of General
4 Services determines that (1) the needs for space for the
5 permanent activities of the Federal Government in any par-
6 ticular area cannot be satisfied by utilization of any existing
7 property suitable for the purpose then owned by the Govern-
8 ment, and (2) the best interests of the United States will
9 be served by taking action hereunder, he is hereby author-
10 ized to obtain and provide space for the accommodation of
11 activities of the Government in the several States, the Dis-
12 trict of Columbia, and the Territories and possessions of the
13 United States (including Guam), except for the accommoda-
14 tion of activities of the Post Office Department, by negotiat-
15 ing and entering into purchase contracts, the terms of which
16 shall not be less than ten nor more than twenty-five years
17 and which shall provide in each case that title to the property
18 shall vest in the United States at or before the expiration of
19 the contract term and upon fulfillment of the terms and con-
20 ditions stipulated in each of such purchase contracts. Such
21 terms and conditions shall include provision for the applica-
22 tion to the purchase price agreed upon therein of installment
23 payments made thereunder including provision for the ex-
24 change of surplus real property or real property which may
25 become surplus as a result of such agreement, where the

1 Administrator determines that the best interests of the Gov-
2 ernment in economy and efficiency of operation will be
3 served.

4 “(b) The Administrator of General Services is author-
5 ized to exercise the powers granted in this section with
6 respect to existing properties, including those for which con-
7 versions, additions, extensions, or remodeling may be re-
8 quired, and properties upon which construction is to be
9 subsequently effected in pursuance of the terms of applicable
10 purchase contracts.

11 “(c) The Administrator of General Services is author-
12 ized to enter into agreements with any person, copartnership,
13 corporation, or other public or private entity, to effectuate
14 any of the purposes of this section; and is further authorized
15 to bring about the development and improvement of any land
16 owned by the United States and under the control of the
17 General Services Administration including the demolition of
18 obsolete and outmoded structures situated thereon, by provid-
19 ing for the construction thereon by others of such structures and
20 facilities as shall be the subject of the applicable purchase
21 contracts.

22 “(d) Each such purchase contract shall include such
23 provisions as the Administrator of General Services, in his
24 discretion, shall deem to be in the best interests of the United
25 States and appropriate to secure the performance of the

1 obligations imposed upon the party or parties that shall enter
2 into such agreement with the United States: *Provided*, That
3 no such agreement may provide for the payment by the
4 United States in pursuance of the terms thereof of moneys
5 in an aggregate annual amount in excess of 15 per centum
6 of the appraised fair market value of the property at the date
7 of the purchase contract, or in the case of property where
8 construction shall not have been completed at that date in
9 excess of 15 per centum of the fair market value at the date
10 of completion of such construction.

11 “(e) No proposed purchase contract agreement calling
12 for the expenditure of more than \$50,000 per annum shall
13 be executed under this section unless it has been submitted,
14 thirty days prior to its effective date, to the President of the
15 Senate and to the Speaker of the House of Representatives
16 for appropriate reference to committees.

17 “(f) Funds now or hereafter available for the payment
18 of rent and related charges for premises, whether appro-
19 priated directly to the General Services Administration or to
20 any other agency of the Government and received by said
21 Administration for such purpose, may be utilized by the
22 Administrator of General Services to make payments becom-
23 ing due from time to time from the United States as current
24 charges in connection with agreements entered into under
25 authority of this section: *Provided*, That no such funds may

1 be expended for acquisition of title to the property covered
2 by any such agreement prior to the expiration of the contract
3 term specified therein (whether by exercise of option to pur-
4 chase or otherwise) in the absence of specific appropriation
5 of funds for such acquisition, which appropriations are
6 hereby authorized: *Provided further*, That the value of any
7 Government real property to be exchanged under any such
8 agreement may be credited at the time of exchange to the
9 payments to be made by the United States thereunder: *Pro-*
10 *vided further*, That Government real property to be ex-
11 changed may be credited in whole or in part to the purchase
12 price of the property for which it is exchanged, except that
13 where the amount of the credit for the real property to be ex-
14 changed exceeds the amount of the purchase price, the
15 amount of the remaining proceeds shall, except as provided
16 in section 205 of the Post Office Department Property Act
17 of 1953, be covered into the miscellaneous receipts of the
18 Treasury of the United States.

19 “(g) When requested by the Postmaster General, the
20 Administrator of General Services is hereby authorized to
21 exercise the authority vested in him by this section (1) to
22 acquire property for postal purposes, or (2) to provide space
23 for postal purposes in buildings acquired under this section
24 for other purposes.

25 “(h) With respect to any interest in real property

1 acquired under the provisions of this section, the same shall
2 be subject to State and local taxes until title to the same shall
3 pass to the Government of the United States.

4 “(i) If any provision of this section or the application
5 thereof to any person or circumstance is held invalid, the
6 remainder of this section and the application thereof to other
7 persons or circumstances shall not be affected thereby.

8 “(j) (1) Section 302 (c) of the Federal Property and
9 Administrative Services Act of 1949 and section 355 of the
10 Revised Statutes, as amended (50 U. S. C. 175), shall
11 apply to purchase contract agreements entered into under this
12 section, except that any such agreement may be entered into
13 and placed in effect after request for but prior to receipt
14 of an opinion of the Attorney General with respect to the
15 validity of title to the property described therein.

16 “(2) Except as provided by paragraph (1) of this
17 subsection, sections 3733, 3734, and 3736 of the Revised
18 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
19 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
20 40 U. S. C. 34) ; section 3 of the Act of August 27, 1935,
21 as amended (60 Stat. 257; 40 U. S. C. 304c) ; section 407
22 of this Act; and any other provision of law (except appli-
23 cable labor standards provisions) relating to the acquisition of
24 real property, construction of buildings, or leasing of space,

1 shall not apply to purchase contract agreements executed
2 under this section.”

3 SEC. 102. It is not the intention of the Congress that
4 the program authorized by this title shall constitute a sub-
5 stitute for or a replacement of any program for the con-
6 struction by the United States of such structures as may be
7 required from time to time by the Federal Government.

8 SEC. 103. This title may be cited as the “Public Build-
9 ings Purchase Contract Act of 1953”.

10 TITLE II—POST OFFICE DEPARTMENT

11 SEC. 201. It is the purpose of this title to supplement
12 existing provisions of law for the leasing of space for postal
13 purposes by providing authorization for the acquisition by
14 the Postmaster General of such space through the execu-
15 tion of lease-purchase and other agreements under which the
16 United States will obtain immediate use of such space and
17 will make periodic payments, and in the case of lease-
18 purchase agreements will obtain title to the property de-
19 scribed therein at or prior to the end of the term prescribed
20 therein. It is not the intention of the Congress that the
21 program authorized by section 202 of this title shall con-
22 stitute a substitute for or a replacement of any program for
23 the construction by the United States of such structures as
24 may be required from time to time by the postal service.

1 SEC. 202. (a) Whenever the Postmaster General de-
2 termines that (1) there is a substantial need for space for
3 postal purposes in any particular area which cannot be satis-
4 fied by utilization of any existing property suitable for the
5 purpose then owned by the Government, (2) the receipts of
6 the post office serving such area exceed \$10,000 per year,
7 and (3) the best interests of the United States will be served
8 by taking action hereunder, he is hereby authorized to ob-
9 tain and provide space for postal purposes in suitable struc-
10 tures of permanent-type construction in the several States,
11 the District of Columbia, and the Territories and possessions
12 of the United States (including Guam), by negotiating and
13 entering into lease-purchase agreements, the terms of which
14 shall not be less than ten nor more than twenty-five years
15 and which shall provide in each case that title to the property
16 shall vest in the United States at or before the expiration of
17 the leasehold term and upon fulfillment of the terms and con-
18 ditions stipulated in each of such lease-purchase agreements.
19 Such terms and conditions shall include provision for the ap-
20 plication to the purchase price agreed upon therein of rental
21 payments made thereunder. Such payments under any such
22 agreement may include amounts for the amortization of the
23 fair market value on the date of such agreement of the prop-
24 erty described therein. The financial transactions of the
25 Post Office Department with respect to such lease-purchase

1 agreements shall be subject to the accounting and auditing
2 requirements of the Post Office Department Financial Control
3 Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first
4 Congress, second session).

5 (b) The Postmaster General is authorized to exercise
6 the powers granted in this section with respect to existing
7 properties, including those for which conversions, additions,
8 extensions, or remodeling may be required, and properties
9 upon which construction is to be subsequently effected in
10 pursuance of the terms of applicable lease-purchase agree-
11 ments.

12 (c) The Postmaster General is authorized to enter into
13 agreements, with any person, copartnership, corporation, or
14 other public or private entity, to effectuate any of the
15 purposes of this section; and is further authorized to bring
16 about the development and improvement of any land pur-
17 chased by the United States for postal purposes, including
18 the demolition of obsolete and outmoded structures situate
19 thereon, by providing for the construction thereon by others
20 of such structures and facilities as shall be the subject of
21 the applicable lease-purchase agreement.

22 (d) Each such lease-purchase agreement shall include
23 such provisions as the Postmaster General, in his discretion,
24 shall deem to be in the best interest of the United States
25 and appropriate to secure the performance of the obligations

1 imposed upon the party or parties that shall enter into such
2 agreement with the United States.

3 (e) Funds available to the Post Office Department
4 for the payment of rents are authorized to be utilized
5 by the Postmaster General to make any payments becom-
6 ing due from time to time from the United States in
7 pursuance of lease-purchase agreements entered into under
8 the authority of this title: *Provided*, That no such funds
9 may be expended for acquisition of title to the property
10 covered by any lease-purchase agreement prior to the ex-
11 piration of the leasehold term specified therein (whether
12 by exercise of option to purchase or otherwise) in the absence
13 of specific appropriation of funds for such acquisition, which
14 appropriations are hereby authorized.

15 SEC. 203. (a) Notwithstanding any other provision of
16 law, the Postmaster General is authorized to—

17 (1) negotiate and enter into lease agreements with
18 any person, copartnership, corporation, or other public
19 or private entity, on such terms as the Postmaster Gen-
20 eral deems to be in the best interests of the United
21 States, for the erection by such lessor of such buildings
22 and improvements for postal purposes as the Postmaster
23 General deems appropriate, on lands sold, leased, or
24 otherwise disposed of by the Postmaster General to, or

1 otherwise acquired by, such person, copartnership, cor-
2 poration, or public or private entity;

3 (2) for the purposes of paragraph (1) of this sec-
4 tion, and without regard to the Federal Property and
5 Administrative Services Act of 1949 (Act of June 30,
6 1949, ch. 288, Eighty-first Congress, first session), as
7 amended—

8 (A) acquire by purchase, condemnation, lease,
9 donation, or otherwise, and on such terms as he
10 shall deem appropriate to the best interests of the
11 United States, real property and interests therein,
12 for use for postal purposes; and

13 (B) dispose of real property, and interests
14 therein, acquired for use or used for postal pur-
15 poses by sale, lease, or otherwise, on such terms
16 as he shall deem appropriate to the best interests
17 of the United States.

18 (b) Funds available to the Post Office Department
19 for the payment of rents are authorized to be utilized by
20 the Postmaster General for the purposes of this section.

21 SEC. 204. The Postmaster General may, at the time he
22 enters into any lease-purchase or lease agreement under
23 authority of this title, include in such agreement a provision
24 for adjustment of the rental paid to any lessor to compen-

1 sate for any increase or decrease in taxes on the leased
2 property.

3 SEC. 205. Amounts received by the Government from
4 sales, leases, or other disposals of property acquired in the
5 performance by the Postmaster General of the functions
6 vested in him by this title shall be credited to the current
7 applicable appropriation of the Post Office Department
8 and shall be available for expenditure for the purposes of
9 this title.

10 SEC. 206. The Postmaster General shall take title, on
11 behalf of the United States, to all real property purchased
12 by him under authority of this title.

13 SEC. 207. (a) Section 355 of the Revised Statutes, as
14 amended (50 U. S. C. 175), shall apply to the acquisition
15 in fee simple of real property under this title, except that
16 any lease-purchase agreement to acquire real property under
17 this title may be entered into and placed in effect after
18 request for but prior to receipt of an opinion of the Attor-
19 ney General with respect to the validity of title to the real
20 property described therein.

21 (b) Section 3709 of the Revised Statutes, as amended
22 (41 U. S. C. 5), shall apply (1) to the acquisition of real
23 property by lease-purchase agreements, under authority of
24 section 202 of this title, and (2) to the lease agreements

1 entered into under authority of paragraph (1) of section
2 203 (a) of this title.

3 (c) Except as provided by subsections (a) and (b) of
4 this section, sections 3733, 3734, and 3736 of the Revised
5 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
6 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
7 40 U. S. C. 34) ; and any other provision of law (except
8 applicable labor standards provisions) relating to the acqui-
9 sition or disposal of real property, construction of buildings, or
10 leasing of space, shall not apply to any of the functions
11 performed by the Postmaster General in effectuating the
12 purposes of this title.

13 SEC. 208. No agreement shall be entered into under this
14 title later than a date ten years after the date of enactment
15 of this title.

16 SEC. 209. The Postmaster General shall include in his
17 annual report an account of transactions conducted during
18 the applicable year pursuant to the provisions of this title.

19 SEC. 210. This title may be cited as the "Post Office
20 Department Property Act of 1953".

83d CONGRESS
1st Session

H. R. 6342

[Report No. 875]

A BILL

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

By Mr. McGREGOR

JULY 16, 1953

Referred to the Committee on Public Works

JULY 17, 1953

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

CONSIDERATION OF H. R. 6342

JULY 20, 1953.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 344]

The Committee on Rules, having had under consideration House Resolution 344, report the same to the House with the recommendation that the resolution do pass.

26008



House Calendar No. 114

83^D CONGRESS
1ST SESSION

H. RES. 344

[Report No. 885]

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1953

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for the consideration of the bill (H. R. 6342)
5 to amend the Public Buildings Act of 1949 to authorize
6 the Administrator of General Services to acquire title to
7 real property and to provide for the construction of certain
8 public buildings thereon by executing purchase contracts;
9 to extend the authority of the Postmaster General to lease
10 quarters for post-office purposes; and for other purposes,
11 and all points of order against said bill or any provisions
12 contained in said bill are hereby waived. That after general

1 debate, which shall be confined to the bill and continue not
2 to exceed one hour, to be equally divided and controlled
3 by the chairman and ranking minority member of the Com-
4 mittee on Public Works, the bill shall be read for amend-
5 ment under the five-minute rule. At the conclusion of the
6 consideration of the bill for amendment, the Committee shall
7 rise and report the bill to the House with such amendments
8 as may have been adopted and the previous question shall
9 be considered as ordered on the bill and amendments thereto
10 to final passage without intervening motion except one
11 motion to recommit.

83d CONGRESS
1ST SESSION

H. RES. 344

[Report No. 885]

RESOLUTION

Providing for the consideration of H. R. 6342, a bill to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

By Mr. ALLEN of Illinois

JULY 20, 1953

Referred to the House Calendar and ordered to be
printed

AUTHORIZING THE ADMINISTRATOR OF GENERAL SERVICES AND
THE POSTMASTER GENERAL TO ENTER INTO BUILDINGS-
PURCHASE CONTRACTS; TO EXTEND THE AUTHORITY OF THE
POSTMASTER GENERAL TO LEASE SPACE FOR POST-OFFICE
PURPOSES

JULY 23, (legislative day, JULY 6), 1953.—Ordered to be printed

Mr. DIRKSEN, from the Committee on Government Operations,
submitted the following

REPORT

[To accompany S. 2457]

The Committee on Government Operations, having considered an original bill (S. 2457) to authorize the Administrator of General Services and the Postmaster General to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of not less than 10 nor more than 25 years, and for acquisition of title to such properties and structures by the United States at or before the expiration of the lease terms, and to extend the authority of the Postmaster General to lease space for post-office purposes, and for other purposes, report favorably thereon, and recommend that the bill do pass.

PROVISIONS OF THE BILL

The subject bill is reported in lieu of a similar proposal, S. 690, which is being indefinitely postponed, with certain changes, including proposed amendments to S. 690 by Senators Mundt, Humphrey, and Dirksen. The bill as reported, while incorporating all the general provisions of S. 690, contains the following additional provisions: (a) perfects certain language changes to conform to recommendations made by the General Services Administration and the Bureau of the Budget; (b) changes the term of lease-purchase agreements authorized by the bill (from 8 to 25 years) to 10 to 25 years; (c) provides for the exchange of surplus or real property which may become surplus as a result of lease-purchase agreements, where the Administrator determines that the best interests of the Government in economy and efficiency of operation will be served; (d) makes any interest in real property acquired subject to State and local taxes until title vests in

the Government; and (e) makes labor-standards provisions of existing law applicable in relation to the acquisition of real property, construction of buildings, or leasing of space.

The substitute bill would further authorize (title II) the Postmaster General to acquire necessary space through the execution of lease-purchase and other agreements, under which the United States will obtain immediate use of such space and title to the property at or prior to the end of the term prescribed therein. It would also extend authority to the Postmaster General to negotiate and enter into lease agreements to supplement authority already provided under existing law, authorizing payment of rents from funds available to the Post Office Department for such purposes.

In addition, the bill incorporates an amendment, proposed by Senator Mundt and approved by the committee, which endeavors to eliminate the necessity of predetermining problems of committee jurisdiction, by eliminating a requirement that proposed purchase-contract agreements exceeding \$50,000 per annum be submitted, 30 days prior to its effective date, to the Committees on Government Operations, by providing that such agreements shall be submitted to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees. An amendment proposed by Senator Dirksen to S. 690, changing the title and first section of the original bill (which proposed an amendment to the Federal Property and Administrative Services Act of 1949) is also included. The new bill would authorize the lease-purchase agreements under a special act.

These latter two amendments were approved by the committee with a view to overcoming objections made on the part of the Committees on Public Works to the inclusion in the original bill of a section which would amend the Federal Property and Administrative Services Act, and would have required reference of such agreements to the Committees on Government Operations of the House and Senate. The new bill would amend no existing act, but would enact a new Federal Buildings Purchase-Contract Act of 1953, and a new Post Office Department Property Act of 1953, and authorize the President of the Senate and the Speaker of the House of Representatives to refer proposed purchase contracts or lease-purchase agreements submitted under authority of the act to the appropriate committees of the respective Houses for consideration 30 days prior to the effective date of such agreements.

HISTORY AND BACKGROUND

A bill (H. R. 6342), in many respects similar to the subject bill, has been reported in the House of Representatives by the Committee on Public Works. The language of H. R. 6342 is in general accord with the objectives of the original bills reported by the Committee on Government Operations in the 82d Congress (S. 1621 and S. 2137) and approved in the House of Representatives (H. R. 4323). Its objectives are also identical to the bill S. 690, which was reported from this committee on June 2, 1953, except that the House bill would amend the Public Buildings Act of 1949. Since the Public Buildings Service is a part of the General Services Administration, and the bill vests no functions in any official other than the Administrator of General Serv-

ices and the Postmaster General, it is the view of the committee that it would be inappropriate that the bill should amend the Public Buildings Act of 1949, with the implication that functions prescribed in the bill would be vested in a subordinate official of the GSA. It is understood that the Bureau of the Budget and the General Services Administration, in their desire to avoid any conflicts relating to committee jurisdiction problems, favor the approach contained in the subject bill.

This measure has been developed and sponsored by this committee, and every possible effort has been made to get favorable action in the Congress. In this instance an issue has been raised to the effect that the proposed lease-purchase program is essentially a public-works project. The primary objective of the Committee on Government Operations has been from the beginning to lessen the need for Federal public-works projects in connection with the procurement of space. The major features of the bill are the procurement of space for Federal agencies through its General Services Administration, created for that specific purpose, and a buildings-management program. These functions are vested in the General Services Administration, a service organization. One of the most important aspects of the program is to devise a method by which the Government will not have to further increase the national debt through the construction of necessary buildings required by the various agencies of the Government. The bill would permit agreements with local interests to provide Federal buildings and space required by the Government on Government specifications. These structures will then be leased to the General Services Administration for the allocation of space to agencies active in the area in which the building is erected.

Title II of the subject bill provides the same general authority to the Postmaster General as that vested by title I in the General Services Administrator, and extends certain authority of the Postmaster General to lease space for post-office purposes. The substance of this title was introduced in the 82d Congress following the introduction of the original bill (S. 1621) on June 8, 1951, as a companion bill. This proposal was considered by the Committee on Post Office and Civil Service during the past Congress, and is a matter that clearly comes within the jurisdiction of that committee since it involves the procurement of space to be utilized by the Post Office Department in connection with its operations. This title is included in this bill only because it is understood that the administration prefers that the program be fully coordinated. The title was written as a coordinated project by representatives of the Bureau of the Budget, the General Services Administration, Post Office Department, and the General Accounting Office, all of whom agreed that the legislation should be incorporated in a single bill. It is understood also that, in the House, title II was made part of the general bill at the instance of the chairman of the House Committee on Post Office and Civil Service, which committee had reported a very similar bill in the previous Congress. It is similar in many respects to a bill passed by the Congress during the 82d Congress (after a compromise had been reached by committees involved in a jurisdictional dispute in regard to that bill), with certain technical changes worked out by representatives of the department and agencies involved.

This committee recognizes the jurisdiction that the Senate Committee on Post Office and Civil Service might have over title II, but it is hoped that in the interest of expedition and because of the importance of this legislation, that committee will see fit to go along, particularly since it acted on similar legislation in the last Congress.

GENERAL STATEMENT AND ANALYSIS OF THE BILL

The purpose of this bill is to authorize the Administrator of General Services to enter into lease-purchase agreements for periods of not less than 10 years or more than 25 years, for acquisition of real property for permanent space requirements of departments and agencies of the Federal Government.

Under the provisions of the bill the Government would be authorized to apply funds appropriated for rent payments toward the ultimate purchase of the real property or structures concerned. Existing statutory limitations on annual rent payments of 15 percent of the fair market value would be maintained. Title would be acquired by the Government at the expiration of the designated lease period, with the rental paid, including interest, taxes, and so forth, constituting the total purchase price.

Title I of the bill would permit the Government to procure space for permanent agencies in communities throughout the United States where it is clearly established that due to continuing Federal activities in such areas the space will be fully utilized in the conduct of Government business. The General Services Administration would be vested with the authority to reallocate space in buildings purchased under such contracts to meet changing agency needs, thus insuring continuous and full utilization of facilities procured.

The provisions of the bill would enable the Federal Government to acquire office and other space under private-construction programs at low rates of interest over an extended period within appropriations to Federal agencies now provided for the payment of rent. Its enactment would tend to eliminate high recurring rents necessary under present short-term lease contracts. Private investment firms, insurance companies, and local banking institutions would be encouraged to provide necessary construction funds under such a guaranty against loss and assurance of a fair return on investments over an extended period of years. Another advantage is that properties involved would continue to be subject to local taxes during the period of such leases. The Government would recover much of these investments through acquisition of title to the properties under contract at the expiration of the lease period.

Title II of the bill vests similar authority in the Postmaster General, and extends certain authority to the Postmaster General to lease space for post-office purposes. An analysis of the provisions of both titles is included in another section of this report.

The bill, if enacted into law, would provide the Federal Government with authority to initiate necessary building programs to meet its increasing requirements for office and other space in the various sections of the country, without the necessity of initiating public-works projects, or incurring an increase in the public debt. It would also provide standby authority under which such programs could be initiated in areas where present space facilities are inadequate, and result-

ing, in many instances, in reductions in current rent payments. It would provide a medium for partial alleviation of unemployment incident to any recession that may follow possible cutbacks in the national-defense program. Its full implementation, over an extended period of years, would promote centralization of the principal Federal services in a conveniently located area, in communities where Federal activities are extensive, and eliminate existing wide dispersals of related Federal offices that presently cause great inconveniences to the public.

The subject bill would authorize the Administrator of General Services to obtain and provide space for the accommodation of the permanent activities of the Government, both in and outside of the District of Columbia, including, upon the request of the Postmaster General, activities of the Post Office Department, by negotiating and entering into lease-purchase agreements. The terms of these agreements are not to be less than 10 or more than 25 years, and in each case they would provide that title to the property shall vest in the United States at or before the expiration of the leasehold term and upon the fulfillment of the terms and conditions stipulated in the lease-purchase agreement. The objective is to permit the Federal Government to purchase buildings for governmental use by applying rental payments under leases against the purchase price. However, the payments which would be made by the Government would consist not only of rental in the strict sense of that term but would also include moneys on account of the purchase price of the property as well as payments in respect to interest, taxes, insurance, etc.

The measure would enable the Government to procure space through private construction at low interest rates, within appropriations to Federal agencies for payment of rent. General use of the lease-purchase agreement would, to the knowledge of the committee, be something new in Government operations. However, it is appropriate to note that authorization for application of the lease-purchase principle in a particular instance has been granted by the Congress in a recent enactment; namely, Public Law 74 of the 82d Congress, approved July 11, 1951, and entitled "An act to authorize the lease and purchase by the United States of the Young Men's Christian Association Building and premises in Phoenix, Ariz."

With the constant growth of the Government, additional space for its permanent activities is presently required both within and outside of the seat of government, and all indications point to progressive increase of such requirements in the future. Historically, the Government has obtained the space it needs either through construction or by rental of privately owned space under short-term lease agreements. The result has been that the Government in many cases has rented the same buildings from year to year for periods as long as 40 to 50 years, paying the real value of the property over and over again. This legislation would remedy the situation by allowing contracts to be entered into with private industry, covering rent and normal carrying charges, but under which ownership of the property would ultimately vest in the Government.

The United States for a number of years has been in a rapidly expanding economy, accompanied by marked increase in population. Office and other building construction has not kept apace with this development. With the existing high costs necessary to construct office buildings, private enterprise has been reluctant to go ahead with

new construction. Rentals necessary to provide a reasonable return thereon are much in excess of the rentals that can be charged on buildings constructed 15 to 20 years ago. There must be assurance of continued occupancy for a period of years in order to offer a sound investment.

The Government finds itself at present competing with private enterprise for space at increasingly high rentals. These rentals in many cases have reached a point where, if applied to contracts entered into pursuant to the provisions of the pending bill, they would be sufficient to permit transfer of title to the Government in from 10 to 25 years. It is apparent, therefore, that considerable money could be saved to the Government by virtue of the proposed legislation, as contrasted to straight short-term leases to the Government at the termination of which it would have nothing by way of title to the properties.

An important feature of the bill is the authorization to the Administrator of General Services to exercise the powers granted by the measure with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements. From time to time properties become available at reasonably low prices as they become surplus to the owners' use. Often these properties can be converted and remodeled so as to make satisfactory quarters for the Government. This is particularly true of warehouses and semioffice buildings, and in cases where the business center of a city has shifted and a considerable reduction in real-estate values occurs in the location of the former center.

Subsection (c) is also important in that it would authorize the Administrator to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration. From time to time properties have been purchased throughout the United States, and are valuable and should be improved. That end could be economically attained under the authorization proposed by subsection (c).

Subsection (d) embodies a limitation to the effect that no lease-purchase agreement may provide for the payment by the United States of moneys in an aggregate annual amount in excess of 15 percent of the appraised fair market value of the property covered by the agreement. This provision, which is in line with the inhibition contained in section 322 of the act of June 30, 1932 (the so-called Economy Act), conforms to the intent of the bill, that the lease-purchase agreements shall be long-term in character. The committee believes that this provision would not only operate as a salutary check on administrative discretion, but would also make financing that much more attractive to interested investors. The committee recommended that the 15-percent limitation shall apply to the appraised fair market value, it being the understanding of the committee that the appraisals will be made by the General Services Administration, and that that Administration will make its determinations of fair market value in accordance with the general practices now prevailing with reference to the acquisition to public property.

Subsection (e) of title I would require that each proposed lease-purchase agreement calling for the expenditure of more than \$50,000

per annum be submitted, 30 days prior to its proposed effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees. Because of the broad discretionary authority vested in the General Services Administrator under the provisions of this bill and the impact its exercise may have on real property throughout the country, the committee agreed that examination of each lease-purchase agreement should be made by the appropriate committees of the Congress before they become effective.

In inserting this subsection in the bill the committee was of the opinion that sufficient authority would be vested in the Administrator of General Services to permit him to obtain options on property under a proposed lease-purchase agreement, when he finds such procurement is in the best interest of the Government, in order to permit of examination of the agreement by these committees before a final contract is executed.

Subsection (f) would authorize payments becoming due from the Government as current charges in connection with lease-purchase agreements to be made from appropriated funds available for the payment of rent and related charges for premises. It is provided, however, that no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the leasehold term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition. Such appropriations would be expressly authorized, subject to approval by the Appropriations Committees of the Congress.

It further provided that the value of any Government real property to be exchanged under any such agreement may be credited at the time of exchange to the payments to be made by the United States and that the real property to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price the remainder to be covered into miscellaneous receipts of the Treasury of the United States.

Subsection (g) authorizes the Administrator of General Services, when requested by the Postmaster General, to exercise the authority vested in him to acquire property for postal services or to provide space for postal purposes in buildings acquired under this section for other purposes.

Subsection (h) requires that any interest in real property acquired under the provisions of the act shall be subject to State and local taxes until title is vested in the Government.

Subsection (j) is divided into paragraphs (1) and (2). Paragraph (1) would make section 302 (c) of the Federal Property and Administrative Services Act of 1949, which requires that all purchases and contracts for supplies and services shall be made by advertising except for certain specified classes and situations where negotiation without advertising is permissible, apply to lease-purchase agreements executed under the authority of this proposed legislation.

This paragraph would also make applicable to such agreements section 355 of the Revised Statutes, requiring the written opinion of the Attorney General to be had in favor of validity of title to land

proposed for purchase by the United States for purposes of construction in advance of expenditure of public money, but sets forth an exception to the effect that any lease-purchase agreement may be executed and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein. In connection with this exception, it is the view of the committee that the provision should be administered on the basis that validity of title is to be established within a period of 1 year from the date of each lease-purchase agreement, and that the Federal Government's expenditures during the intervening period would be adequately protected in the event title was not clear.

The flexible and convenient mode of acquisition of space provided for in the bill could not be put into effect without the exceptions specified in paragraph (2) of subsection (j) from certain restrictions imposed by existing statutes, summarization of which follows: Section 3734 of the Revised Statutes, as amended, provides that no money shall be paid nor contracts made for payment for any site for a public building in excess of the specific appropriation therefor. Section 3735 of the Revised Statutes is to the effect that there shall be no purchase of land for the United States without specific congressional authorization. Section 1 of the act of March 3, 1877, provides that no lease shall be made in the District of Columbia for the Government without an appropriation therefor. Section 4 of the act of June 14, 1946, as amended, and section 407 of the act of June 16, 1949, as amended, respectively limit the procurement of space by lease by the Administrator of General Services for the housing of Federal agencies to periods not in excess of 5 years outside of the District of Columbia, and to periods not in excess of 1 year in the District. Paragraph (2) of subsection (j) concludes with a "catchall" exception from any other provision of law relating to acquisition of real property, construction of buildings, or leasing of space, subject to the specific provisions of the proposed legislation.

The bill, as reported by the committee, has the approval of the Bureau of the Budget, General Services Administration, the General Accounting Office, and a majority of the departments and agencies of the Federal Government. During the 82d Congress, considerable time and study were devoted to clarifying the original committee bill in line with a number of specific amendments which were considered and approved by the committee, in consultation with the legislative counsel of the Senate, and representatives of the Bureau of the Budget, the General Services Administration, and the Comptroller General of the United States.

The committee regards the lease-purchase procedures and objectives set forth in this bill to be a constructive step toward improving the procurement program of the Government in providing permanent office and warehouse facilities for Federal agencies throughout the country. It is in accord with the objectives set forth in the Hoover Commission's report on general services and further implements the provisions of the original Federal Property and Administrative Services Act.

The committee is firmly convinced that the enactment of this proposed legislation would provide a sound and continuing basis for the realization of economies in Government in its property-management program, and a further important step toward promoting more efficiency in Government operations.

TITLE II

This title was inserted in H. R. 6342, as reported in the House of Representatives, to extend authority to the Postmaster General to enter into lease-purchase agreements for the procurement of necessary post-office facilities under certain restrictions prescribed therein, and to extend the authority of the Postmaster General to lease space for post-office purposes. The following analysis of title II is included in House Report No. 875 of the 83d Congress, filed in the House of Representatives on July 17, 1953.

Section 201 recites the purpose of title II and reiterates for this title the intent of Congress, expressed in section 102, that this legislation is not a substitute for or replacement of a Federal construction program.

Section 202 authorizes the Postmaster General to acquire necessary space by lease-purchase agreements for postal purposes at post offices having receipts exceeding \$10,000 per year. These agreements will be entered into under substantially the same terms and conditions as those applicable to the purchase contracts which will be made by the Administrator of General Services under section 101, referred to above, with technical changes to adapt this authority to the special problems of the postal establishment. It will be noted, however, that (1) the Postmaster General's authority to enter into such lease-purchase agreements is limited to a period of 10 years after enactment of this title and does not include exchange of Government-owned real property, (2) an account of the Postmaster General's transactions under this title must be included in his annual report, and (3) such transactions of the Postmaster General are subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950.

Section 203 authorizes the Postmaster General, for a period of 10 years after enactment, to enter into term-lease agreements for the erection by any person, firm, or entity of buildings for postal purposes on lands acquired by such lessors from either the Postmaster General or other sources.

For the purposes of this section the Postmaster General is authorized to acquire real property for postal purposes by purchase, condemnation, lease, donation, or otherwise, and to dispose of such property by sale, lease, or otherwise. Funds available to the Post Office Department for payment of rents will be used to carry out the purposes of this section. This authority with respect to acquisition and disposal of real property for the purpose of entering into term-lease agreements is intended to enable the Postmaster General to eliminate speculation in options in connection with the negotiation of such term leases.

Section 204 authorizes the inclusion in any lease-purchase or term-lease agreement made under title II of provision for adjustment of rent to compensate for any increase or decrease in taxes on the leased property.

Section 205 authorizes receipts from property disposals under title II to be credited to applicable postal appropriations and expended therefrom for the purposes of this title.

Section 206 requires the Postmaster General to take title to real property acquired under title II in the name of the United States.

Section 207 (a) requires approval by the Attorney General of the title to property acquired by the Postmaster General, but permits lease-purchase agreements to be made prior to final approval of title. Subsection (b) of this section makes section 3709 of the Revised Statutes (requiring advertising for bids on public contracts) applicable to the lease purchase and term lease agreements provided for in title II. Subsection (c) specifically excepts the functions to be performed by the Postmaster General under title II except as provided in subsections (a) and (b) and except for applicable labor standards provisions—from the various statutes which require specific authorization or appropriations by Congress for the acquisition or disposal of real property, construction of buildings, or leasing of space for the Government.

Section 208 restricts the authority of the Postmaster General to enter into lease-purchase agreements and term-lease agreements under title II to a period beginning with the date of enactment and ending 10 years thereafter.

Section 209 requires the Postmaster General to include in his annual report an account of transactions which he has conducted pursuant to title II during the year covered by such report.

Section 210 provides that title II may be cited as the "Post Office Department Property Act of 1953."



S. 2457

[Report No. 614]

IN THE SENATE OF THE UNITED STATES

JULY 23 (legislative day, JULY 6), 1953

Mr. DIRKSEN, from the Committee on Government Operations, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To authorize the Administrator of General Services and the Postmaster General to enter into buildings purchase contracts; to extend the authority of the Postmaster General to lease space for post office purposes; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—GENERAL SERVICES**

4 **ADMINISTRATION**

5 SEC. 101. (a) Whenever the Administrator of General
6 Services determines that (1) the needs for space for the
7 permanent activities of the Federal Government in any par-
8 ticular area cannot be satisfied by utilization of any existing
9 property suitable for the purpose then owned by the Govern-
10 ment, and (2) the best interests of the United States will

1 be served by taking action hereunder, he is hereby author-
2 ized to obtain and provide space for the accommodation of
3 activities of the Government in the several States, the Dis-
4 trict of Columbia, and the Territories and possessions of the
5 United States (including Guam), except for the accommoda-
6 tion of activities of the Post Office Department, by negotiat-
7 ing and entering into purchase contracts, the terms of which
8 shall not be less than ten nor more than twenty-five years
9 and which shall provide in each case that title to the property
10 shall vest in the United States at or before the expiration of
11 the contract term and upon fulfillment of the terms and con-
12 ditions stipulated in each of such purchase contracts. Such
13 terms and conditions shall include provision for the applica-
14 tion to the purchase price agreed upon therein of installment
15 payments made thereunder including provision for the ex-
16 change of surplus real property or real property which may
17 become surplus as a result of such agreement, where the
18 Administrator determines that the best interests of the Gov-
19 ernment in economy and efficiency of operation will be
20 served.

21 (b) The Administrator of General Services is author-
22 ized to exercise the powers granted in this section with
23 respect to existing properties, including those for which con-
24 versions, additions, extensions, or remodeling may be re-

1 quired, and properties upon which construction is to be
2 subsequently effected in pursuance of the terms of applicable
3 purchase contracts.

4 (c) The Administrator of General Services is author-
5 ized to enter into agreements with any person, copartnership,
6 corporation, or other public or private entity, to effectuate
7 any of the purposes of this section; and is further authorized
8 to bring about the development and improvement of any land
9 owned by the United States and under the control of the
10 General Services Administration including the demolition of
11 obsolete and outmoded structures situated thereon, by provid-
12 ing for the construction thereon by others of such structures
13 and facilities as shall be the subject of the applicable
14 purchase contracts.

15 (d) Each such purchase contract shall include such
16 provisions as the Administrator of General Services, in his
17 discretion, shall deem to be in the best interests of the United
18 States and appropriate to secure the performance of the
19 obligations imposed upon the party or parties that shall enter
20 into such agreement with the United States: *Provided, That*
21 no such agreement may provide for the payment by the
22 United States in pursuance of the terms thereof of moneys
23 in an aggregate annual amount in excess of 15 per centum
24 of the appraised fair market value of the property at the date

1 of the purchase contract, or in the case of property where
2 construction shall not have been completed at that date in
3 excess of 15 per centum of the fair market value at the date
4 of completion of such construction.

5 (e) No proposed purchase contract agreement calling
6 for the expenditure of more than \$50,000 per annum shall
7 be executed under this section unless it has been submitted
8 thirty days prior to its effective date, to the President of the
9 Senate and to the Speaker of the House of Representatives
10 for appropriate reference to committees.

11 (f) Funds now or hereafter available for the payment
12 of rent and related charges for premises, whether appro-
13 priated directly to the General Services Administration or to
14 any other agency of the Government and received by said
15 Administration for such purpose, may be utilized by the
16 Administrator of General Services to make payments becom-
17 ing due from time to time from the United States as current
18 charges in connection with agreements entered into under
19 authority of this section: *Provided*, That no such funds may
20 be expended for acquisition of title to the property covered
21 by any such agreement prior to the expiration of the contract
22 term specified therein (whether by exercise of option to pur-
23 chase or otherwise) in the absence of specific appropriation
24 of funds for such acquisition, which appropriations are

1 hereby authorized: *Provided further*, That the value of any
2 Government real property to be exchanged under any such
3 agreement may be credited at the time of exchange to the
4 payments to be made by the United States thereunder: *Pro-*
5 *vided further*, That Government real property to be ex-
6 changed may be credited in whole or in part to the purchase
7 price of the property for which it is exchanged, except that
8 where the amount of the credit for the real property to be ex-
9 changed exceeds the amount of the purchase price, the
10 amount of the remaining proceeds shall, except as provided
11 in section 205 of the Post Office Department Property Act
12 of 1953, be covered into the miscellaneous receipts of the
13 Treasury of the United States.

14 (g) When requested by the Postmaster General, the
15 Administrator of General Services is hereby authorized to
16 exercise the authority vested in him by this section (1) to
17 acquire property for postal purposes, or (2) to provide space
18 for postal purposes in buildings acquired under this section
19 for other purposes.

20 (h) With respect to any interest in real property
21 acquired under the provisions of this section, the same shall
22 be subject to State and local taxes until title to the same shall
23 pass to the Government of the United States.

24 (i) If any provision of this section or the application

1 thereof to any person or circumstance is held invalid, the
2 remainder of this section and the application thereof to other
3 persons or circumstances shall not be affected thereby.

4 (j) (1) Section 302 (c) of the Federal Property and
5 Administrative Services Act of 1949 and section 355 of the
6 Revised Statutes, as amended (50 U. S. C. 175), shall
7 apply to purchase contract agreements entered into under this
8 section, except that any such agreement may be entered into
9 and placed in effect after request for but prior to receipt
10 of an opinion of the Attorney General with respect to the
11 validity of title to the property described therein.

12 (2) Except as provided by paragraph (1) of this
13 subsection, sections 3733, 3734, and 3736 of the Revised
14 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
15 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
16 40 U. S. C. 34) ; section 3 of the Act of August 27, 1935,
17 as amended (60 Stat. 257; 40 U. S. C. 304c) ; section 407
18 of this Act; and any other provision of law (except appli-
19 cable labor standards provisions) relating to the acquisition of
20 real property, construction of buildings, or leasing of space,
21 shall not apply to purchase contract agreements executed
22 under this section.

23 SEC. 102. It is not the intention of the Congress that
24 the program authorized by this title shall constitute a sub-

1 stitute for or a replacement of any program for the con-
2 struction by the United States of such structures as may be
3 required from time to time by the Federal Government.

4 SEC. 103. This title may be cited as the "Public Build-
5 ings Purchase Contract Act of 1953".

6 TITLE II—POST OFFICE DEPARTMENT

7 SEC. 201. It is the purpose of this title to supplement
8 existing provisions of law for the leasing of space for postal
9 purposes by providing authorization for the acquisition by
10 the Postmaster General of such space through the execu-
11 tion of lease-purchase and other agreements under which the
12 United States will obtain immediate use of such space and
13 will make periodic payments, and in the case of lease-
14 purchase agreements will obtain title to the property de-
15 scribed therein at or prior to the end of the term prescribed
16 therein. It is not the intention of the Congress that the
17 program authorized by section 202 of this title shall con-
18 stitute a substitute for or a replacement of any program for
19 the construction by the United States of such structures as
20 may be required from time to time by the postal service.

21 SEC. 202. (a) Whenever the Postmaster General de-
22 termines that (1) there is a substantial need for space for
23 postal purposes in any particular area which cannot be satis-
24 fied by utilization of any existing property suitable for the

1 purpose then owned by the Government, (2) the receipts of
2 the post office serving such area exceed \$10,000 per year,
3 and (3) the best interests of the United States will be served
4 by taking action hereunder, he is hereby authorized to ob-
5 tain and provide space for postal purposes in suitable struc-
6 tures of permanent-type construction in the several States,
7 the District of Columbia, and the Territories and possessions
8 of the United States (including Guam), by negotiating and
9 entering into lease-purchase agreements, the terms of which
10 shall not be less than ten nor more than twenty-five years
11 and which shall provide in each case that title to the property
12 shall vest in the United States at or before the expiration of
13 the leasehold term and upon fulfillment of the terms and con-
14 ditions stipulated in each of such lease-purchase agreements.
15 Such terms and conditions shall include provision for the ap-
16 plication to the purchase price agreed upon therein of rental
17 payments made thereunder. Such payments under any such
18 agreement may include amounts for the amortization of the
19 fair market value on the date of such agreement of the prop-
20 erty described therein. The financial transactions of the
21 Post Office Department with respect to such lease-purchase
22 agreements shall be subject to the accounting and auditing
23 requirements of the Post Office Department Financial Control
24 Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first
25 Congress, second session).

1 (b) The Postmaster General is authorized to exercise
2 the powers granted in this section with respect to existing
3 properties, including those for which conversions, additions,
4 extensions, or remodeling may be required, and properties
5 upon which construction is to be subsequently effected in
6 pursuance of the terms of applicable lease-purchase agree-
7 ments.

8 (c) The Postmaster General is authorized to enter into
9 agreements, with any person, copartnership, corporation, or
10 other public or private entity, to effectuate any of the
11 purposes of this section; and is further authorized to bring
12 about the development and improvement of any land pur-
13 chased by the United States for postal purposes, including
14 the demolition of obsolete and outmoded structures situate
15 thereon, by providing for the construction thereon by others
16 of such structures and facilities as shall be the subject of
17 the applicable lease-purchase agreement.

18 (d) Each such lease-purchase agreement shall include
19 such provisions as the Postmaster General, in his discretion,
20 shall deem to be in the best interest of the United States
21 and appropriate to secure the performance of the obligations
22 imposed upon the party or parties that shall enter into such
23 agreement with the United States.

24 (e) Funds available to the Post Office Department
25 for the payment of rents are authorized to be utilized

1 by the Postmaster General to make any payments becom-
2 ing due from time to time from the United States in
3 pursuance of lease-purchase agreements entered into under
4 the authority of this title: *Provided*, That no such funds
5 may be expended for acquisition of title to the property
6 covered by any lease-purchase agreement prior to the ex-
7 piration of the leasehold term specified therein (whether
8 by exercise of option to purchase or otherwise) in the absence
9 of specific appropriation of funds for such acquisition, which
10 appropriations are hereby authorized.

11 SEC. 203. (a) Notwithstanding any other provision of
12 law, the Postmaster General is authorized to—

13 (1) negotiate and enter into lease agreements with
14 any person, copartnership, corporation, or other public
15 or private entity, on such terms as the Postmaster Gen-
16 eral deems to be in the best interests of the United
17 States, for the erection by such lessor of such buildings
18 and improvements for postal purposes as the Postmaster
19 General deems appropriate, on lands sold, leased, or
20 otherwise disposed of by the Postmaster General to, or
21 otherwise acquired by, such person, copartnership, cor-
22 poration, or public or private entity;

23 (2) for the purposes of paragraph (1) of this sec-
24 tion, and without regard to the Federal Property and

1 Administrative Services Act of 1949 (Act of June 30,
2 1949, ch. 288, Eighty-first Congress, first session), as
3 amended—

4 (A) acquire by purchase, condemnation, lease,
5 donation, or otherwise, and on such terms as he
6 shall deem appropriate to the best interests of the
7 United States, real property and interests therein,
8 for use for postal purposes; and

9 (B) dispose of real property, and interests
10 therein, acquired for use or used for postal pur-
11 poses by sale, lease, or otherwise, on such terms
12 as he shall deem appropriate to the best interests
13 of the United States.

14 (b) Funds available to the Post Office Department
15 for the payment of rents are authorized to be utilized by
16 the Postmaster General for the purposes of this section.

17 SEC. 204. The Postmaster General may, at the time he
18 enters into any lease-purchase or lease agreement under
19 authority of this title, include in such agreement a provision
20 for adjustment of the rental paid to any lessor to compen-
21 sate for any increase or decrease in taxes on the leased
22 property.

23 SEC. 205. Amounts received by the Government from
24 sales, leases, or other disposals of property acquired in the

1 performance by the Postmaster General of the functions
2 vested in him by this title shall be credited to the current
3 applicable appropriation of the Post Office Department
4 and shall be available for expenditure for the purposes of
5 this title.

6 SEC. 206. The Postmaster General shall take title, on
7 behalf of the United States, to all real property purchased
8 by him under authority of this title.

9 SEC. 207. (a) Section 355 of the Revised Statutes, as
10 amended (50 U. S. C. 175), shall apply to the acquisition
11 in fee simple of real property under this title, except that
12 any lease-purchase agreement to acquire real property under
13 this title may be entered into and placed in effect after
14 request for but prior to receipt of an opinion of the Attor-
15 ney General with respect to the validity of title to the real
16 property described therein.

17 (b) Section 3709 of the Revised Statutes, as amended
18 (41 U. S. C. 5), shall apply (1) to the acquisition of real
19 property by lease-purchase agreements, under authority of
20 section 202 of this title, and (2) to the lease agreements
21 entered into under authority of paragraph (1) of section
22 203 (a) of this title.

23 (c) Except as provided by subsections (a) and (b) of
24 this section, sections 3733, 3734, and 3736 of the Revised

1 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
2 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
3 40 U. S. C. 34) ; and any other provision of law (except
4 applicable labor standards provisions) relating to the acqui-
5 sition or disposal of real property, construction of buildings, or
6 leasing of space, shall not apply to any of the functions
7 performed by the Postmaster General in effectuating the
8 purposes of this title.

9 SEC. 208. No agreement shall be entered into under this
10 title later than a date ten years after the date of enactment
11 of this title.

12 SEC. 209. The Postmaster General shall include in his
13 annual report an account of transactions conducted during
14 the applicable year pursuant to the provisions of this title.

15 SEC. 210. This title may be cited as the “Post Office
16 Department Property Act of 1953”.

A BILL

To authorize the Administrator of General Services and the Postmaster General to enter into buildings purchase contracts; to extend the authority of the Postmaster General to lease space for post office purposes; and for other purposes.

By Mr. DIRKSEN

JULY 23 (legislative day, JULY 6), 1953

Read twice and ordered to be placed on the calendar

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 27, 1953

For actions of July 24, 1953

83rd-1st, No. 139

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House passed drought-relief appropriation bill. Senate committees reported foreign-relief and customs-simplification bills. Senate rejected conference report on 1st independent offices appropriation bill. House sent FCA-reorganization bill to conference. Senate passed lease-purchase bill for buildings. Sens. Murray and Humphrey criticized USDA for not providing more storage facilities.

HOUSE

1. **DROUGHT-RELIEF APPROPRIATIONS.** Passed without amendment H. J. Res. 305, which had been reported by the Appropriations Committee earlier in the day (H. Rept. 922) (pp. 9983-8). Rejected an amendment by Rep. Mahon to increase from \$20,000,000 to \$40,000,000 the amount for FHA loans under title 2 of the Bankhead-Jones Farm Tenant Act (pp. 9987-8).

The committee report states: "The committee recommends the full estimate of \$150,000,000, of which \$130,000,000 is added to the Disaster Loan Revolving Fund, and \$20,000,000 is authorized for regular production and subsistence loans under the Farmer's Home Administration. Of the funds proposed for the Disaster Loan Revolving Fund, \$30,000,000 is provided for economic disaster loans under Section 2 (b) of the Act, \$60,000,000 is allowed for special livestock loans under Section 2 (c)..., and \$40,000,000 is recommended to cover costs incurred in furnishing emergency feed and seed assistance to farmers under Section 2 (d)...

"...Removal of the minimum loan limitation of \$2,500 for loans under Section 2 (c)...is proposed. The committee feels that denial of loans of less than \$2,500 outside of disaster areas will work a severe hardship on small farmers...

"The committee feels strongly that the regular Farmers' Home Administration offices and personnel should be used... It questions the need for additional committees or other special groups..."

2. FCA REORGANIZATION. Reps. Hope, Androsen, Hill, Cooloy, and Poago were appointed conferees on H. R. 4353, to reorganize FCA, etc. (p. 9984).
3. BUILDINGS. Passed without amendment H. R. 6342, to authorize GSA to acquire real property and to provide for construction of public buildings thereon by executing purchase contracts (pp. 9989-10004).
4. DEFENSE APPROPRIATION BILL, 1954. House conferees were appointed on this bill, H. R. 5969 (p. 9979).
5. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H. R. 4551, to amend the Reclamation Project Act of 1939 removing authorization of projects by the Interior Department (H. Rept. 933)(p. 10038).
6. SMALL BUSINESS. Received the conference report on H. R. 5141, to create a Small Business Administration, to replace the RFC (pp. 10029-34, D773).
7. REORGANIZATION. The Government Operations Committee reported/without amendment H. Res. 263, disapproving Reorganization Plan No. 9 of 1953, providing for a reorganized Council of Economic Advisors (p. 10038).
8. FOOD INSPECTION. The Interstate and Foreign Commerce Committee reported without amendment H. R. 6434, to simplify procedures for establishment of food standards by the Food and Drug Administration (H. Rept. 934)(p. 10038).
9. BUDGETING. The Government Operations Committee ordered reported (but did not actually report) H. R. 2, to provide that Federal expenditures shall not exceed revenues except in time of war or national emergency declared by Congress (p. D771).
10. SURPLUS PROPERTY. The Government Operations Committee ordered reported (but did not actually report) H. R. 6382, to extend until June 30, 1954, the period during which GSA may conduct negotiated sales of surplus property (p. D771).
11. FOREIGN TRADE. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) S. Con. Res. 40, declaring it the sense of Congress that export containers be marked with the words "United States of America" (p. D771).
12. ADJOURNED until Mon., July 27 (p. 10037). Legislative program as announced by Rep. Hallock: Mon., Consent and Private Calendars; Tues., immigration bill; then (if reported) foreign-relief and other bills. Rep. Halleck said, "I am confident we can dispose of the matters next week that are before us." (pp. 10028-9.)

SENATE

13. FOREIGN RELIEF. The Agriculture and Forestry Committee reported with amendments S. 2249, to authorize CCC to make agricultural commodities owned by it available to the President for the purpose of enabling the President to assist in meeting famine or other urgent relief requirements in countries friendly to the U. S. (S. Rept. 631)(p. 10046).
The Committee reported without amendment H. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the U. S. (S. Rept. 642)(p. 10048).
14. CUSTOMS SIMPLIFICATION BILL. The Finance Committee reported with amendments this bill, H. R. 5877 (S. Rept. 632)(p. 10046).

No student of history, government, or sociology would deny that these virtues and principles formed the very basis of the glorious edifice of American civilization with its emphasis upon freedom of the spirit, freedom of conscience and freedom of men and women in their political, social and economic activities to a greater degree than ever before enjoyed by the subjects or citizens of any land. These pioneers started out as subjects of the King, but so fierce was their passion for liberty that it was not long before they threw off the shackles that bound them to cruel dictatorial power and ordained a government of their own choice where they could pursue and enjoy all the blessings which emanate from ordered freedom and devout respect for law and order and duly constituted authority derived from the sovereign will of all the people.

We of the United States of America, their descendants and successors, owe a tremendous debt to these early settlers who created and ordained our American liberties. It is not the debt of our generation alone, though we should at all times be deeply conscious of it. It is the debt of every American generation. It will be the debt of our posterity and every American generation yet to come, for so long as we adhere to the solid, fundamental principles which they embraced, this Nation will live in freedom and when for any reason we abandon those principles, we will by the same token dissipate and lose our honored and blessed birthright.

Great philosophers have asserted that change is progress and that progress is change, though this is purely speculation. One of the outstanding features of this great free Nation is that it has been built in such a way that it is naturally progressive in spirit and action. We have achieved both change and progress even though the change has not always been beneficial. To seek to turn back the wheels of progress at this or any time upon any pretext, however, would be a tragic negation of the true American ideal. The American Constitution is a flexible document. It rests upon sure foundations. It is predicated upon fundamentals. But it vests all sovereignty in the people and under its wise provisions there is ample flexibility for the adaptation of our basic institutions to changing conditions in the Nation and the world. As the early settlers and founders intended, the Constitution is not static and moribund. It is dynamic and progressive. But it rejects disorderly and rebellious change. It provides the instruments and machinery for peaceful and orderly change and so long as America solemnly abides by its principles and provisions our freedom will be protected and our opportunities constantly enlarged to meet our demonstrated requirements in a changing world, whatever they may be. Our Constitution can meet every need, every contingency.

Liberty is an abstract idea which must be implemented by men and women to serve the purposes of free government. Moreover, in every generation it must be zealously guarded, for "eternal vigi-

lance is the price of liberty." The people of Spencer, in war and in peace, have unselfishly given their allegiance to this guiding principle of American democracy. In time of peril their sons and daughters have gallantly defended the Nation. In time of peace their people as a whole by their loyalty, diligence, and initiative, and by the use of their God-given talents, have contributed greatly to the common good. Communism and subversion find no place of shelter in the Spencer community, which is noted for its devotion to American principles, and which as a dominant part of its creed and culture sternly rejects such evil forces as being hostile to the fundamentals and perpetuity of this Republic.

Spencer is rich in famous sons—in government, in education, in religion, in science, in business, and every other form of human endeavor. Elias Howe, the inventor of the sewing machine, was a distinguished native of Spencer, and other members of his family, William and Tyler Howe, also achieved greatness in the field of invention and enterprise.

The church has been greatly enriched by the sons of Spencer. Rev. Michael A. O'Kane, S. J., outstanding former president of Holy Cross College; Very Rev. Wilfred J. Dufault, A. A., now superior general of the Assumptionist Order throughout the world; and the Most Reverend Thomas B. Beaven, D. D., former bishop of Springfield, were some of the distinguished personages of Spencer who graced our religious life. Father Dufault, born in Spencer, not only heads the Assumptionist Order but is presently exerting his great ability, zeal, and purpose to the rebuilding of Assumption College at Worcester, so tragically damaged in the recent tornado which visited that city and left a trail of death and destruction in its wake. In this noble endeavor, Father Dufault, a recognized and brilliant leader, is receiving tremendous response from the people of every faith, and his goal of complete reconstruction of Assumption College is well on its way to early realization.

Another noteworthy personage of Spencer birth was Samuel Fletcher Drury, one of the founders of Drury College in Springfield, Mo., and the founder of the town's Drury fund for relief of the aged which long and commendably antedated social security.

Gov. John Davis, known as "Honest John," another Spencerian, was not only Governor of Massachusetts but also a distinguished United States Senator from our State and practiced law in Spencer prior to his meritorious public service.

There are many other outstanding men and women of every race and creed in every field who claim Spencer as their birthplace, or the place where they shaped their careers. The businessmen and merchants of Spencer are enterprising, successful, and civic-minded, as well as possessed of a commendable, forward-looking, and progressive spirit. And you will find nowhere more devoted or loyal citizens of the rank and file, faithful workers, diligent, successful farmers, and

craftsmen of great talent and ability than the fine people of Spencer.

As I listen to the proceedings of this great House while it is considering current legislation affecting not only this country but the world as well, my mind frequently turns to the contributions of the millions and millions of people like those of Spencer all over this Nation who in the past conceived so brilliantly and labored so unselfishly to fashion our great democracy. In the midst of the confusion of our present work and in the presence of the tremendously complex problems of every kind which now confront us, it is my sincere conviction that there are few things that we, the representatives of the people, in this day and age can do, as we grapple with these great problems, that would in the long run be more beneficial than to seek strength, courage, and guidance from the experiences and lessons of the past as the history of its trials and achievements reveal them to us. Particularly, would I commend for our careful study and scrupulous attachment, the solid changeless and unchangeable fundamental concepts which form the basis of this great Government, because heeding them and learning well the experiences and lessons of history, we will have a much better understanding of the fact that, in general, most lasting progress must be based upon order and stability, and that freedom can only be guaranteed by eternal vigilance, by character, by strength of purpose, and by undeviating allegiance to the precepts of the Almighty and the sound, forward-looking principles of our American heritage.

If we embrace the spirit of dauntlessness that moved the founders of Spencer and their contemporaries, if we adhere closely to the tenets of popular democracy, if we pursue those spiritual truths which promote discipline and liberty and reliance on the Almighty, if we courageously and wisely mobilize and conserve our national strength, we shall have nothing to fear.

Spencer has had a great past and I am convinced that it will have an even greater future. As in the past, it will defend our liberties and it will nourish those virtues and qualities which make individuals and nations great, successful, and happy. May its tricentennial anniversary shine upon a happy, united, and free people, a people which has retained its freedom because it has been willing to make the sacrifices necessary to preserve it.

AMEND THE PUBLIC BUILDINGS ACT OF 1949

Mr. LATHAM. Mr. Speaker, I call up House Resolution 344 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings

thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, and all points of order against said bill or any provisions contained in said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH] and yield myself such time as I may desire.

Mr. Speaker, this is an open rule providing for 1 hour of general debate. It makes in order the consideration of H. R. 6342. That bill has to do with amending the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings. It is the lease-purchase bill.

Mr. Speaker, I do not think there is too much disagreement in regard to this measure. I see no need to take additional time on this subject.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. ROGERS].

Mr. ROGERS of Colorado. Mr. Speaker, I rise in favor of this rule.

This legislation deals with lease-purchase agreements. As I understand, it authorizes the General Services Administration in one section of the bill to enter into lease-purchase agreements where necessary in the performance of Federal functions. Another section authorizes the Postmaster General to enter into lease-purchase agreements with individuals who may construct or lease property to the Federal Government.

It is my understanding this gives to the Postmaster General and the Administrator of General Services an opportunity to provide necessary facilities to perform Government work. I am particularly interested in that section that deals with the right of the Postmaster General to enter into these lease-purchase contracts.

I direct the attention of the House to the fact that in 1949 this body authorized the General Services Administration to purchase certain land and property throughout the United States that could be used for post office and other construction. Pursuant to this authority and the money appropriated thereunder, the General Services Administration did acquire approximately a block of land near the Union Station in the city and county of Denver. They have expended approximately \$750,000 in the acquisition of this land. They have had possession of it for more than 1 year. Throughout this time we have not been able to get sufficient funds to carry out

the intended purpose of constructing postal facilities at that place.

This legislation would authorize the Postmaster General in those congested areas, as my area is, in dealing with postal facilities to enter into lease-purchase contracts, which would repay those who constructed the property and give them a reasonable rate of interest on their investment. At the end of the time the Government would be the owner of the building. At the present time the Post Office Department is leasing certain lands and paying a substantial sum for the use of the land. Under this legislation, if adopted, the rent that is paid for these properties would eventually result in the purchase of the land and ownership in the Federal Government. We will have something other than rent receipts.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Colorado. I yield.

Mr. REES of Kansas. I believe the gentleman from Colorado who presently has the floor introduced legislation quite similar to part 2 of the bill now pending.

Mr. ROGERS of Colorado. That is correct. I think the gentleman. I did introduce legislation similar to part 2 of this bill.

Mr. MCGREGOR. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the gentleman from Ohio.

Mr. MCGREGOR. As the author of the present bill, I pay my respects to the gentleman and recognize the fact that he did have a bill similar to part 2 of the bill now before us.

Mr. SMITH of Virginia. Mr. Speaker, I have no objection to the rule. I have no further requests for time.

Mr. LATHAM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. DONDERO. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6342, with Mr. VAN ZANDT in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DONDERO. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill seeks to place in the hands of the Government of the United States one more instrument for the acquiring of title to property for public use. There are two ways in which our Government can acquire space for

the use of the Government today. One is by constructing the buildings itself, and the other is by renting buildings. This bill provides a third way. It provides authority to enter into what is known as lease-purchase contracts for space for public use, the contract providing that it shall not be for less than 10 years nor more than 25 years, and at the end of which time the title to the property passes to the Government of the United States. In the meantime, this property remains upon the tax rolls. The annual payments include taxes, interest on the money invested, depreciation, and so forth.

There are two titles to the bill. Title I comes from the Committee on Public Works and deals with the functions of the General Services Corporation. Title II comes from the Committee on Post Office and Civil Service. The 2 titles come to you at this time in 1 bill rather than have the 2 committees come before you with separate bills, since the subject matter is very similar.

Mr. Chairman, the contents of the bill represents the thinking of every agency of the Government involved in the subjects. Many conferences were held with representatives of the agencies, the Bureau of the Budget, the General Services Corporation, the Post Office Department, and others. We have conferred from time to time at great length in order to come to a common understanding as to the needs of the Government in acquiring space for public use. We think this bill presents the results of those long, arduous debates and conferences. It represents the unanimous thinking and decision of the committees having jurisdiction of the subjects and the governmental agencies of the Government involved.

There are 2 or 3 restrictions in the bill which I am sure are very plain to all Members of the House. The Committee on Public Works will devote its time and attention primarily to title I. The Committee on Post Office and Civil Service will devote its time on title II because that is the section which comes from that committee.

Mr. Chairman, we think this is a good bill. It comes to the House unanimously on the part of the Committee on Public Works and represents the best thinking and the best judgment of those who have to deal with this subject.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. SMITH of Virginia. Does this arrangement only apply to the land; or does the Government erect the building or the owner of the building erect the building?

Mr. DONDERO. It applies where the Government desires to enter into a contract with any person who owns the building or land and desires to enter into a lease contract for the purchase.

Mr. SMITH of Virginia. Then this really applies to cases where the real estate is owned privately by an individual and the building is already erected or is to be erected by the individual?

Mr. DONDERO. Under lease-purchase contract with the Government; yes.

Mr. SMITH of Virginia. The Government in no instance erects the building.

Mr. DONDERO. That is correct.

Mr. MCGREGOR. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Ohio.

Mr. MCGREGOR. It will apply in any instance where the Government owns the land, or whether the land is privately owned. It will be operative under both clauses.

Mr. DONDERO. That is, the Government could go ahead and construct the building upon its own land and the lease-purchase agreement would not obtain in such case?

Mr. MCGREGOR. If the Government owned the land, they could sell it back to an individual and that individual construct the building and under a rental-purchase basis it can be leased 10 years and not to exceed 25 years, and that property then would become the property of the Government. In the meanwhile, it would remain on the tax roll.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. JONES of Alabama. Under Public Law 105 passed in the 81st Congress, the Post Office Department acquired parcels of land for the purposes of ultimately constructing post-office buildings. Those are in Federal ownership. Under the provisions of this bill, a contract could be executed and construction started immediately to construct post-office buildings on those sites.

Mr. DONDERO. That is correct.

Mr. TRIMBLE. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. LUCAS].

Mr. LUCAS. Mr. Chairman, I take the floor to voice two very firm convictions which I have held about public buildings, and all buildings for a long time. One is that it is improper for the United States Government to build any building without providing parking space for the employees who will be working there. On too many occasions I have seen Government employees compelled to pay unreasonable parking fees because of the fact that, having to work in a Government building, there were absolutely no parking facilities. I think the committee might well give serious consideration in all future legislation of this character to provide that no public buildings shall be erected without additional space for parking purposes for the employees who work in such buildings. I hope that the committee will make its views known to the Administrator so that in the acquisition of future Government buildings this need may be met.

The second matter to which I want to call the attention of the committee is that the Government is acquiring new properties and making no provision at all for the comfort of employees. In the South we have great extremes of weather, and in some of our public buildings in the Southern States it becomes

so hot that the efficiency of the employees is definitely impaired.

I refer particularly to two very beautiful, splendid public buildings in my own home town of Fort Worth, Tex., The Government, during the last 20 years, constructed a great post office building, one of the finest in the United States, and a Federal court building, used also for Government offices. Neither one of those buildings is air conditioned. During this summer when we have had about a month of straight 100-degree weather, and some days as high as 107, we have had a series of heat prostrations of Government employees in the United States court building. If one has to go back into the letter files, the letter cases, in the post office building, where the postal employees are required to work, and where they are really performing manual labor, it is actually stifling. It makes one ashamed of his Government that it does not provide a better place for its employees. It is no wonder we are having trouble keeping high-type people working for the Government.

Mr. Chairman, I think we ought to require that no more Government buildings be acquired or built by the Federal Government in the South and Southwest that do not include air conditioning, for the efficiency of the employees who will work there and for the comfort of those who are required to come in to conduct Government business. We have, for instance, in our post office building in Fort Worth, Tex., which, as I have said, is a very beautiful structure and a fine, splendid, up-to-date building, all the air-conditioning ducts required to air-condition it, yet the General Services Administrator tells me he has no authority to put in the machinery to give us the airconditioning. This summer there have been several heat prostrations in the post office building and a series of heat prostrations among the Internal Revenue employees in the United States Court Building in Fort Worth, Tex.

If we are going to acquire more Government property, build new buildings, we should see to it that the employees are protected in their health.

I should like to ask the chairman of the committee if there is anything in this bill which forbids the Administrator from air-conditioning buildings where heat is extreme for long periods of time?

Mr. DONDERO. I do not think so. The gentleman said that General Services does not have authority. The chances are they lack two things; the authority and the money with which to do it. I am greatly in sympathy with the statements the gentleman has made. I can well imagine what the condition must be in the State of Texas at this time of the year.

Mr. LUCAS. I appreciate the gentleman's sympathy. May I ask the gentleman if his committee has taken any steps to alleviate this situation?

Mr. DONDERO. The subject was not brought before us.

Mr. LUCAS. I confess my negligence in the matter. I did not know this legis-

lation was under consideration or I would have appeared before the gentleman's committee, but I am availing myself of my first opportunity to ask about it, which is now.

Mr. MCGREGOR. I am sure we appreciate the gentleman's position, but there is nothing in this legislation which would change the basic law relative to specifications or construction in any way.

I recognize, and I am sure the agencies in charge recognize, that we are going to have to make some changes in our specifications. This bill does not include air-conditioning, as the capable chairman has said; we have been short of money and we are not able to put in some of the Federal buildings the things that are really a necessity, but this will start things going and I am sure that if the gentleman will help us specifications will be drafted to take care of some emergencies.

Mr. LUCAS. I thank the gentleman. I want to commend the committee for bringing out this legislation and I hope the Committee will keep in mind the subject matter I have brought up.

Mr. TRIMBLE. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I want to concur in what my chairman said in reference to the merits of this bill. If enacted it will be only a complement to already existing law and does not supersede existing law. Last year during our hearings on the dispersal plan for the Government asked by the President, I was amazed to learn during those hearings the amount of money we spend on rent each year. In those hearings we had evidence that had we had legislation like this and the departments could have entered into a lease-purchase or purchase agreement we would have owned those buildings instead of having to pay continuous rent through the years.

I hope the legislation is approved. Title I was introduced last year, went through the House, but failed to pass the other body, provision No. 2 did get through both Houses but was vetoed by the President.

Mr. DONDERO. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. AUCHINCLOSS], chairman of the Subcommittee on Public Buildings and Grounds of the Public Works Committee of the House.

Mr. AUCHINCLOSS. Mr. Chairman, I want to express my keen appreciation and gratitude for the support that has been given this legislation by the chairman of the Committee on Post Office and Civil Service and the staff, and particularly for the work that was done in our conference with the General Services Administration and the representatives of the Post Office Department.

We held many hearings and had many meetings on this legislation, which was first introduced by the gentleman from Ohio [Mr. MCGREGOR] some time ago. I may say that the first bill reached the Rules Committee, but we recalled that bill with the permission of the House, and went into further huddles and consultations in order to perfect it.

We have here a fine piece of legislation, a constructive piece of legislation. It will meet the criticism of the President's veto of a similar bill last year in accordance with an opinion expressed by the Department of Justice.

I want to thank particularly the author of the bill, the gentleman from Ohio [Mr. McGREGOR], who is highly competent to discuss the details of it, and I appreciate this opportunity to congratulate him.

Mr. DONDERO. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. McGREGOR], author of this bill.

Mr. TRIMBLE. Mr. Chairman, I yield the gentleman from Ohio an additional 5 minutes.

Mr. McGREGOR. Mr. Chairman, I thank the distinguished former chairman of the Public Buildings and Grounds Committee, Judge TRIMBLE, for the extra time. He is as always very considerate. I want to join in the statement made by the gentleman from New Jersey [Mr. AUCHINCLOSS] relative to the splendid help that has been given us by the various Government agencies, the Post Office Department, the General Services Administration, the Bureau of the Budget, the leadership of this body, and others; and especially do I want to concur in his statement and pay respect to the distinguished chairman of the Committee on Post Office and Civil Service, the gentleman from Kansas [Mr. REES] and his staff. They worked many hours with us on this legislation. Also do I say many thanks to the staff of the Public Works Committee—they too have done a fine job—and as the author of the bill, I assure them their efforts are appreciated.

Mr. Chairman, this is a compromise bill. It will be recalled that last year we had two bills. This bill has two titles, title I, that has to do with the General Services agency, and title II, which has to do with the Post Office Department. The gentleman from Kansas [Mr. REES] will explain title II, I am sure, in a very, very capable manner.

Under existing law we have only two ways by which we can construct or operate a Federal building. One is by outright purchase and the other is by rental.

This particular legislation will create a third way. You are going to put modern tools in the hands of the Federal agencies, both in the Post Office Department covered in title II, and the General Services agency which in title I handles the Government offices generally.

The question may arise, should we have this legislation? I say yes for many reasons. I am sure all of us recognize the tremendous rents we have been paying throughout the country for our various Federal agencies, including post offices. This legislation will save millions and millions of dollars because in time we will do away, in many, many instances, with the renting of these buildings.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. McGREGOR. I yield to the gentleman from Iowa [Mr. JENSEN], who has a very serious problem which he has discussed with me a number of times.

Mr. JENSEN. I thank the gentleman for yielding. I want to express my deep appreciation to the Committee on Public Works and also for the fine cooperation that has been given by the Committee on Post Office and Civil Service in this matter.

I have been greatly interested because of the fact, as the gentleman knows, that about 3 years ago the post office and Federal court building at Council Bluffs, Iowa, was declared unsafe. It was torn down. Since that time the Government has been renting the old Moose Lodge hall, paying \$1,000 a month, then renting rooms all over town for Federal offices costing over \$800 a month additional. It is really pennywise and pound-foolish business practice. So, this bill will take care of such a problem. The gentleman from West Virginia [Mrs. KEE] has a similar situation, as does the gentleman from Louisiana [Mr. THOMPSON]. Those three projects are a fair example of why this bill is so necessary. There are similar situations all over the United States. Again I want to compliment the committee for bringing this very necessary legislation to the floor of the House.

Mr. AUCHINCLOSS. Mr. Chairman, will the gentleman yield?

Mr. McGREGOR. I yield to the gentleman from New Jersey.

Mr. AUCHINCLOSS. I would like to reply to what the gentleman from Iowa has said. I am familiar with the problem of which he speaks, and the committee is also very familiar with it. He has spoken to us about it, and so have the other Members who are interested. It is our determination, if this legislation becomes law, to remedy this situation. Your problems are very high on the agenda of this committee, and we will give it immediate attention.

Mr. JENSEN. I appreciate that very much.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. McGREGOR. I yield to the gentleman from Tennessee.

Mr. EVINS. I would also like to commend the chairman of the subcommittee for the very excellent work he has done, as well as that of the full committee. This, I consider, is a very important piece of legislation, legislation that is much needed. During the time I have served in the Congress it has been a matter which I have been tremendously interested in. I have taken occasion, as the gentleman knows, to appear before his committee. I have also talked to the former Assistant Postmaster as well as recently, Mr. Ormond Kieb, Fourth Assistant Postmaster General. I think something needs to be done and the committee is to be commended for the action which it has taken. I wanted to ask the gentleman whether or not this legislation will, in effect, take care of all situations where sites have already been acquired, or will it be limited?

Mr. McGREGOR. In answer to the gentleman from Tennessee, first let me say that I acknowledge his interest, he talked to me a number of times on the subject. We are not going to say that it is going to take care of all of the

needs, but certainly it is going to take care of a great many of them. First, you must qualify under the \$10,000 a year receipt basis. If you have local people who have funds who want to invest in the construction of these buildings, this legislation will give them the opportunity to enter into a contract with the Government over a period of from 10 to 25 years on what is known as a rental contract and ownership program. They construct the building, and it finally becomes the property of the Federal Government being paid for in the form of rent. That expiration term is from 10 to 25 years.

Mr. EVINS. Certainly it is a forward and constructive piece of legislation and should go far to alleviate many critical situations, as well as the pressing need for post offices.

Mr. McGREGOR. I thank the gentleman. We all realize that we cannot come on the floor of this House with a piece of legislation promising to put post offices or Federal buildings in every congressional district. It just cannot be done. So, this gives you a third way in which you can get post offices if they are necessary and meet certain requirements.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. McGREGOR. I yield to the gentleman from Indiana.

Mr. HARVEY. I thank the gentleman from Ohio and congratulate not only him but the committee for bringing out this very excellent piece of legislation. I also wish to commend them particularly for the fine manner in which they have treated this very troublesome problem in being able to satisfy the various parties concerned. The gentleman knows I was a member of the subcommittee that originally drafted the legislation inaugurating the General Services Administration, and naturally have had a very deep and abiding interest in the welfare of this agency. I think this will give the General Services Administration even greater authority to solve many of the perplexing problems with regard to housing of not only post offices but other Federal agencies.

Mr. McGREGOR. I thank the gentleman. I recognize his interest in this because he was one of the members of a committee who considered this legislation at great length, and he certainly has given me wise counsel and advice on this legislation.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. McGREGOR. I yield to the gentleman from Michigan.

Mr. DONDERO. May I say that it was shown before our committee that no type of public building had been constructed in the United States, particularly post offices, in the last 14 years.

Mr. THOMPSON of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. McGREGOR. I yield to the gentleman from Louisiana.

Mr. THOMPSON of Louisiana. I want to associate myself with the comments made in commending the gentleman from Ohio, and I must congratulate the entire membership of the committee on

bringing out this marvelous piece of legislation. Certainly you have been patient in listening to my repeated pleas for relief to my people in Lake Charles, La., and I feel certain that you have gained their undying gratitude as you have mine.

Mr. MCGREGOR. I thank the gentleman for his kind remarks. He, too, has contacted me many times relative to his problem in Louisiana.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. MCGREGOR. I yield to the gentleman from Virginia.

Mr. WAMPLER. I commend the gentleman and the committee on their fine work in this piece of legislation. I am deeply interested in it.

Mr. Chairman, I want to take this opportunity to commend the author of this legislation, the gentleman from Ohio [Mr. MCGREGOR] and the Committee on Public Works.

On June 17, I introduced H. R. 5803, which would authorize an emergency appropriation for the purpose of erecting in Abingdon, Va., a post office and courthouse building.

This bill—H. R. 5803—provides that the General Services Administrator is authorized and directed as an emergency to prepare drawings and specifications and to construct a post office and courthouse building on the site of the present Federal building in Abingdon, Va., at a cost not to exceed \$745,000.

Before assuming my duties as a Member of the 83d Congress, I made a personal inspection of the present post office and courthouse building in Abingdon, Va. This inspection indicated to me beyond a doubt that present facilities are inadequate and antiquated.

In July 1949 there was virtual abandonment of Federal court proceedings at Big Stone Gap, Va. This has meant that all of the Federal litigation arising in that area must be taken care of at Abingdon, thereby creating an almost intolerable situation.

The Honorable A. D. Barksdale, judge of the western district of Virginia, has indicated to me that the situation at Abingdon is extremely difficult for the court.

In fact, Judge Barksdale has expressed the opinion that there is real danger that someone may be injured by the collapse of the building or some part of it sometime in the near future when it is crowded beyond capacity.

House Document No. 224, 82d Congress, 1st session, is a list of approved public building projects outside the District of Columbia eligible for construction. Under it Abingdon is listed for demolition of the present structure and the erection of a new building.

I submit that a real emergency exists at the post office and courthouse in Abingdon, and I rise in support of H. R. 6342 for two reasons:

First, it does not take funds out of the Federal Treasury.

Second, it is the means for providing much needed Federal space on a pay-as-you-go basis, according to amortization plan.

Mr. MCGREGOR. I appreciate all the support that has been given to me.

Really, there was a lot of work done, not just by the author of this bill but by all of us.

The Government in this legislation is doing just exactly what lots of people are doing and saying: "Why rent? Pay for your home in the way of rent." If it is good for the individual it is, certainly good for the Government.

This legislation will allow you to enter into contracts whereby you amortize a building in 10 to 25 years, and then it becomes the property of the Government.

May I give a brief summary of the contents of legislation I hope I will be forgiven for repeating.

Mr. Chairman, in considering the bill H. R. 6342 before us today it is important to understand and keep in mind that historically, the Federal Government has obtained its space needs, by two methods:

First. Construction through outright appropriation; and

Second. Rental of privately owned property.

The purpose of this bill is to provide a third method by which the Federal Government may obtain much needed space and modern facilities by entering into purchase contracts by the terms of which title to the property will ultimately vest in the United States. It is essentially a money saving measure.

The authority for carrying out the objectives of this legislation is given to the Administrator of General Services in title I for all Federal agencies other than the Post Office Department, and the authority for the Post Office Department is given to the Postmaster General in title II of the bill. In the second phase of title II, the Postmaster General is also granted much greater latitude with respect to his leasing authority than is presently permitted by existing law.

This measure has grown out of recommendations made from many viewpoints. The provisions contained in the bill are the result of extended studying, discussions and conferences among the members of the Post Office and Civil Service and the Public Works Committees and their respective staffs, as well as the representatives of General Services Administration, Post Office Department, General Accounting Office, and the Bureau of the Budget. I believe all are now in accord and fully support this bill.

It has been the regular practice of the Federal Government to rent space from private industry and occupy leased premises for which it has paid considerable sums annually. These payments have been substantial and, in some cases, may have exceeded the fair market value of the property leased. In the past no procedure has been available by means of which title to such property could have been acquired by the Government through installments payments in lieu of rent.

The purpose of the proposed legislation is to remedy the situation as outlined, and render more economical and efficient the Government operations with respect to properties occupied by it.

By the provisions of title I, the Administrator of General Services is au-

thorized to enter into purchase contracts for any Federal Government activity, other than those under the jurisdiction of the Postmaster General, under the following conditions:

First. When the needs for space in any particular area cannot be satisfied by utilization of existing property owned by the Government.

Second. The best interests of the United States will be served.

Third. The facility is to be located in the several States, the District of Columbia and the territories and possessions of the United States including Guam.

The term of the purchase contracts shall be not less than 10 nor more than 25 years, at the end of which term title shall vest in the United States.

The Administrator of General Services can purchase a building presently leased to the Government and arrange for it to be converted and remodeled and made more suitable for the purposes desired. He may also contract for the construction of buildings to be occupied by any of the Federal agencies.

The payments to be made on the purchase price by the Administrator of General Services shall not in any case exceed 15 percent per annum of the fair market value of the property at the date of the purchase contract, and in the case of property where construction shall not have been completed, 15 percent of the fair market value at the date of completion of such construction.

Only those purchase contracts calling for the expenditure of more than \$50,000 per annum shall be submitted by the Administrator of General Services, 30 days prior to their effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees. This provision will provide the respective appropriate committees of the Congress with an opportunity to inspect and review those contracts and to object or seek additional information concerning them if desired. This provision, however, will not unduly restrict the operations of the Administrator in his efforts to take full advantage of this forward-looking and businesslike legislation.

Funds to be used in this program will be those which are now appropriated to Federal agencies for rent and related charges and, through the Administrator of General Services, will be applied as installment payments on purchase contracts. Therefore, the Appropriations Committee will be in control of the funds to be utilized hereunder.

The Administrator of the General Services Administration is also authorized to exchange property presently owned and occupied by the Government, such as a hotel which is wholly inadequate for business offices, for other properties under private ownership and credit the value of the Government-owned property against the purchase price. If it exceeds the value, the excess will be recovered into the Treasury of the United States. If it is less, the balance will be paid by the Government in installment payments. There is one exception, however, with respect to post-office property, for if a credit is obtained

in behalf of that Department the funds shall be credited to the current applicable appropriation of the Post Office Department.

The only time the Administrator of General Services will execute a lease-purchase contract for post-office purposes under title I will be when requested by the Postmaster General to, first, acquire property for postal purposes; or, second, to provide space for postal purposes in a building to be constructed for some agency other than the Post Office Department.

During the term of these purchase contracts, the property shall be subject to State and local taxes and not be taken off the tax rolls until the end of the term of the contract.

This measure is not intended to be a substitute or a replacement of any program for the construction by the United States of structures which may be required by the Federal Government from time to time.

Under title II, the Postmaster General may carry out his program for the purposes of the Post Office Department in similar fashion as the Administrator of General Services can do for all of the other Federal agencies involved. However, first, there must be a need for space for postal purposes which cannot be satisfied by existing property owned by the Government; second, the receipts of the post office serving the area must exceed \$10,000 per year; third, the best interests of the United States will be served by taking the desired action; fourth, the facility is to be located in the several States, the District of Columbia, territories and possessions, including Guam; fifth, the contracts shall not be less than 10 nor more than 25 years and title shall vest in the Government at the end of the term; and sixth, rental appropriations will be applied and paid in amortizing the cost of the property.

The financial transactions of the post office with respect to these agreements shall be subject to the accounting and auditing requirements of the Post Office Department Financial Control Division.

The Postmaster General may enter into these purchase agreements in connection with properties which are presently occupied under a lease, and convert and remodel the premises under a purchase agreement which will vest title in the Government at the end of the term.

Pursuant to the provisions of section 203 of title II of this bill, the Postmaster General is authorized to enter into more desirable leases which will exceed the 20 years now permitted by law. It is believed that the extension of the lease period will enable the Department to take advantage of competitive open-market construction of buildings for postal purposes over a long-term amortization period by using private capital and obtaining control of the best sites available for the purpose desired, thus eliminating option speculation. Although the terms of the leases are not restricted to any number of years, the authority to enter into such leases is restricted for a period of 10 years after the date of enactment of this legislation.

It is the belief of the members and of the representatives of the departments involved that this legislation will eliminate duplication and conflict in operation and will provide flexibility for cooperation between the Federal agencies concerned.

It is not possible to estimate the savings that will result from the enactment of this measure; however, it is believed that substantial savings to the Government will be obtained.

(Mr. MCGREGOR, Mr. THOMPSON of Louisiana, and Mr. WAMPLER asked and were given permission to revise and extend their remarks.)

Mr. DONDERO. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. GEORGE].

Mr. GEORGE. Mr. Chairman, the evidence before our committee shows that this proposal we have before us is the best possible way we can now get out of an awkward situation. Actually, the ideal way to handle this program would be to go ahead and appropriate money, as the Congress used to do. If we represented a solvent and sound Government, which unfortunately we do not at this time, we could put up the exact amount of cash to do all this public building program throughout the United States. From the fact that we are not sound and solvent, we have to do the next best thing and make lease-purchase agreements and make deferred payments.

For that reason, I am supporting this program, in the hope that we will finally become solvent and the Congress can go ahead and make appropriations to take care of all our building needs throughout the country, as they used to do in former years.

Mr. TRIMBLE. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, I am going to vote in favor of this bill but I cannot resist making a few remarks about what happened last year. Practically the same bill, that is, title I of this bill, was up before the Committee of the Whole House. It was passed in this House as an amendment to the General Services Act. It was handled by the Committee on Government Operations. The gentleman from Ohio [Mr. MCGREGOR] and some of his friends on the Committee on Public Works made a valiant effort to capture the jurisdiction of this matter for their committee. They have written here a bill which purports to amend the Public Buildings Act, yet all of title I refers to the duties of the Administrator of General Services or to the function of the General Services Administration. By this clever legislative drafting maneuver they have taken unto themselves an amendment of a basic act, Public Law 152, which bore my name, and which was reported out of what was then known as the Committee on Expenditures in the Executive Departments and is now known as the Committee on Government Operations. By that maneuver they have taken away from the Commit-

tee on Government Operations an amendment to a basic act passed by that committee.

The gentleman from Arkansas [Mr. TRIMBLE] was the author of the bill we passed on April 28, 1952, and he deserves the credit for the original idea of lease-purchase as outlined in title I of H. R. 6342, which is now before us.

In title II they have also encroached upon the jurisdiction of the Committee on the Post Office and Civil Service. I understand that the chairman of that committee has gracefully surrendered and I shall do likewise, in the interest of passing meritorious legislation.

In all sincerity, I think it is a good bill. It provides for something that should have been done last year, and would have been done if the other body had acted upon the bill passed by the House. Because of the merits of the legislation, and because of my high regard of the gentleman's legislative ability, and draftsmanship, let me say, I am going to gracefully step aside in this particular instance on the question of jurisdiction rather than to risk charging against the gentleman's forces and being decisively defeated.

Mr. MCGREGOR. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Ohio.

Mr. MCGREGOR. I really do appreciate very much receiving such a compliment from my friend the gentleman from California. I would like to call your attention to the jurisdictional dispute. There was—and the gentleman is absolutely right—some jurisdictional dispute last year, and I served on the committee that the gentleman referred to under guidance of Judge TRIMBLE. That was the reason we tried in this bill to strike that jurisdictional clause out. I might refer you to page 4, lines 11 to 16, which I will read:

(e) No proposed purchase contract agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, 30 days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

We are not saying that our committee is the one that legislation of this type should go to, nor are we saying that it should go to the House Committee on Government Operations that my friend from California wants it to go to. We are leaving it to the rules and to the Congress. It goes to the President of the Senate and to the Speaker of the House of Representatives and they refer it to whichever committee they deem it advisable. That is in conformity with the rules of the House.

Mr. HOLIFIELD. I appreciate the gentleman putting that language in. I have even gone so far as to underline it for future reference in case additional amendments come up which are amendments to Public Law 152, commonly known as the General Services Act, the Federal Property and Administrative Act. In view of the wide function which has been conferred by Public Law 152 on the Administrator of General Serv-

ices, I recognize in this language that the gentleman is in doubt as to his jurisdictional area, and I, too, shall be willing to abide by the decision of the Speaker of the House as to where future amendments shall be referred. I do say in all sincerity the legislative purpose of the bill is worthwhile. Its purpose is for the best interest of the Government. It will enable the Government to acquire buildings which heretofore we have rented for many, many years and spent a great deal of money without obtaining ownership of any tangible property at the end of that time. Now, the Government can make these leases and the leases will apply on the purchase price, and in many instances the Government will have title to a building to which it otherwise would not have title.

The House in voting on the merits of H. R. 6342, which would amend the Public Buildings Act of 1926, as amended, will be substantially repeating an action of the 82d Congress. Title I of this measure would authorize the Administrator of General Services to enter into lease-purchase agreements to provide for the lease to the United States of real property and structures for terms of not less than 8 or more than 25 years, with acquisition of title vesting in the United States, at or before the expiration of the lease terms. I am addressing my remarks to this legislation because it is posed as an amendment to the Public Buildings Act of 1926, as amended, rather than to the Federal Property Act of 1949, as amended. The latter act which created the General Services Administration serves as the basic charter of the activities of that entire governmental entity. What is proposed here today would amend a law which governs but a part of the activities of the General Services Administration. In principle then we are not adhering to a basic precept of the Hoover Commission, in that we would be magnifying subordinate features of an organization instead of emphasizing the comprehensive mission of the General Services Administration.

The Federal Property Act is the proper basic legislation to which an amendment of the nature proposed should be attached. But let no one mistake the reasons for the proposed bill as we have it here today. This is a result of the tortured legislative draft of H. R. 6342 which has forced referral to the Public Works Committee of the House.

Its clear intent is to place this legislative grant in the Public Works Committees. It is but another step in the direction for those who are eager to dismantle the General Services Administration and undo one of the major accomplishments of the Hoover Commission.

H. R. 6342 contains language which would require the Administrator of General Services to submit such lease-purchase contracts to the Congress for scrutiny. The measure then calls for the Speaker and President of the Senate to refer these contracts to appropriate committees of the Congress. Let no one be mistaken. Although it does not spell out Public Works Committees, that is

the purpose and intent of such language. I should like to state that this language was offered and rejected during the debate on an identical measure in the 82d Congress. I refer you to the CONGRESSIONAL RECORD of April 28, 1952, at page 4549. I at this time therefore should like the record to show that the jurisdiction of the Committee on Government Operations must be preserved and that if appropriateness is the quality which will determine the destination of these lease-purchase contracts: then their proper depository is in the Committee on Government Operations. The Committee on Government Operations drafted the Federal Property Act in 1949 and according to the rules of the House, any amendment to that basic law should be referred to the Committee on Government Operations. Affecting this legislation with a public-buildings concept should not hoodwink us when it is considered that the entire subject matter is within the province of the Committee on Government Operations. That committee has the legislative history. It has played a great part and a key role in the development of the underlying ideas which fostered this proposed legislation. It steered an identical bill through the House of Representatives in the 82d Congress. On April 28, 1952, it successfully revealed the fallacious concept of Public Works Committee jurisdiction on which any bill of the type represented by H. R. 6342 is predicated. I hereby serve notice that referrals under this bill in the future should be made to the Committee on Government Operations which produced Public Law 152.

Public Law 152, the Federal Property and Administrative Act of 1949 is the basic act to which title 1 of H. R. 6342 actually applies and actually amends.

There are pending before the Committee on Government Operations bills which would amend the Federal Property Act so as to permit General Services entering lease-purchase contracts. This is the proper method of enacting this measure on the statute books.

In observing and evaluating the operations of the General Services Administration as a result of the Federal Property Act, our committee takes into account various operating services within GSA. We in Congress should not now by legislative effect raise the Public Buildings Service on a par with the parent organization.

I realize that this bill (H. R. 6342) will be passed. Its context and purpose is meritorious and I therefore will not oppose the passage of the bill. But I strongly resent the encroachment of the Public Works Committee on the jurisdiction of the Committee on Government Operations in presenting a carefully drafted bill which by purporting to be an amendment of the Public Buildings Act of 1949, actually amends Public Law 152 which originated in the Government Operations Committee.

Mr. MCGREGOR. The gentleman from California is again trying to insert the old argument and jurisdictional dispute—if his position prevails we will again be as of last year—no legislation,

no buildings, and we will be asking our people to work under poor conditions and be unable to give the service that rightfully belongs to the patrons of the Post Office Department and we will continue to waste annually millions and millions of dollars.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DONDERO. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. REES], chairman of the Committee on Post Office and Civil Service.

Mr. REES of Kansas. Mr. Chairman, I would like to say for the benefit of the gentleman from California there is no intent of any surrender with respect to this proposed legislation. I want that made clear.

Mr. HOLIFIELD. Does the gentleman mean then that he is just abdicating his jurisdiction.

Mr. REES of Kansas. It is not even that, sir. It is rather, an effort to proceed in an orderly way to secure important legislation through the House without argument over the question of committee jurisdiction even though I am the author of what is now part 2 of this bill. I want to say to the gentleman that title II is the legislation in which our committee is particularly interested, but the committee in charge of the legislation today and brought the bill to the floor of the House called attention to the fact that there might be some question of jurisdiction in handling the problem involved so for that reason it was deemed proper that we go along, and permit if you will, or agree, that title II be included in this bill.

We are interested in approval of the legislation rather than in personalities or jurisdictional disputes.

I want to say also that a bill containing the provisions of title II of this bill was introduced by the gentleman from Tennessee [Mr. MURRAY], as chairman of the Committee on Post Office and Civil Service last year. That bill passed the House without serious objection. It also passed the other body, except it was amended in a manner that made it appear unworkable to the President, and he vetoed the bill. He did not veto it because he deemed it bad legislation, but because he thought it to be unworkable on account of those amendments.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from California.

Mr. HOLIFIELD. I know that the gentleman is a valued Member of this House, and he does a fine job as chairman of this particular committee and he is anxious to maintain the jurisdiction of his committee, but I, like him, feel in this case that in order to get legislation we should go along with those fine gentlemen on the Public Works Committee.

Mr. REES of Kansas. That is what we agreed to do. I appreciate the gentleman's statement.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the distinguished gentleman from Michigan, chairman of the Committee on Public Works.

Mr. DONDERO. I do not want this opportunity to pass without saying a word of appreciation of the fine cooperation that you extended in all the deliberations on this most troublesome and controversial subject. The gentleman and his staff worked admirably with the staff of the committee which I have the honor to represent. I want the RECORD to show what a fine contribution the gentleman made toward the result obtained.

Mr. REES of Kansas. The gentleman is more than kind.

I want to pay tribute to the gentleman from Tennessee [Mr. MURRAY], who originated the legislation that you find in title II of this bill. Title II of this legislation is practically a copy of the proposal that he submitted in the 82d Congress, and which was reintroduced by me in the 83d Congress. We held hearings on it, and then, because of the lengthy hearings held by the committee in charge of the legislation, I agreed, and the gentleman from Tennessee [Mr. MURRAY] agreed to concede to our bill being included as part II of this bill, so there is no further misunderstanding on that question.

As the chairman suggested a moment ago, it gives the Post Office Department one more tool by which to carry on its operations. It deals only with buildings used exclusively by the Post Office Department.

Mr. Chairman, title II of this legislation gives the Postmaster General temporary authority to enter into two types of agreements not now authorized for the procurement of space to be used exclusively by the Post Office Department.

The first is the lease purchase agreement which will serve the same purpose for postal space as title I serves for the procurement of space by the General Services Administration.

These lease purchase agreements will be made by the Postmaster General on substantially the same terms and conditions as apply to the purchase contracts which will be made by the General Service Administrator under title I, with technical changes to adapt them to the special problems of the postal establishment.

The Postmaster General's authority to enter into lease purchase agreements is limited to a period of 10 years and will not extend to exchanges of Government property. He must include in his annual report an account of his transactions, and they are subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950.

The second of these new agreements is called the term-lease agreement. Authority to make these agreements also is limited to a period of 10 years. Term-lease agreements will provide for the erection by lessors of buildings for postal purposes on lands acquired by such lessors for either the Postmaster General or other sources. For these term leases the Postmaster General is authorized to

acquire real property for postal purposes by purchase, condemnation, lease, donation, or otherwise, and to dispose of this real property by sale, lease or otherwise.

This authority with respect to acquisition and disposal of real property for the purpose of entering into term-lease agreements will help the Postmaster General to eliminate speculation in options which has tended to make land prices exorbitant under existing leasing procedures.

Post Office Department rental funds will be used to carry out the purposes of this legislation.

Historically, the Post Office Department has obtained its space through Government construction or by rental of privately owned space. Buildings which are constructed by the Government, as well as buildings for general purposes which may be leased by the Government, are furnished by the General Services Administration under existing laws, and no change will be made in these laws. However, all leases for space for the special purposes of the Post Office Department are presently made by the Postmaster General.

There has been no Federal construction of postal space since 1941. The ever-expanding need for the several types of modern postal facilities has been met through renting or leasing from private ownership. Moreover, since no appropriations for the construction of Government post offices appear probable in the foreseeable future, the necessity for leasing of postal facilities will continue and increase.

In the interest of better and more efficient leasing and rental economy, it is imperative that the Postmaster General be given every modern device and technique commonly in present use by private business, and suitable to Government needs, whereby he may negotiate the most advantageous leaseholds for the United States.

This legislation will provide the Postmaster General with these essential tools of good management. It is emphasized that this authority is confined to term-lease agreements and lease-purchase agreements, and will not authorize the Postmaster General to erect any new buildings. Exclusive authority for the construction by the Government of public buildings, including those for postal purposes, will remain in the General Services Administration.

This legislation is the result of extended study and discussion between representatives of the Post Office Department, the General Services Administration, the General Accounting Office, and the Bureau of the Budget.

The Postmaster General is responsible for efficient and economical operation of the mail service of the United States, and is in the best position to determine when and to what extent there is need for additional space to carry on this operation.

This legislation will place the Post Office Department in a position to obtain urgently needed space and modern facilities either by lease-purchase agreements, whereby title to the property will

vest in the United States at the end of the lease term, or by term-lease agreements, whichever is more advantageous to the Government in individual cases.

This arrangement will secure for the Department many of the advantages not now available to it, but which have proved of great value in private business where immediate capital investment in space for commercial or industrial operations is not practicable but such space is needed on a relatively long-time basis.

There will be competitive open-market construction of buildings for postal purposes. The Government's investment in lease-purchased space or leased space will be amortized over long terms. Private capital—instead of money from the Public Treasury—will be utilized for construction of the space occupied by postal services, with attendant advantages to private investors and local economy throughout the Nation.

Also, as I have pointed out, the Post Office Department will be able to obtain control of the best sites available for postal purposes, and thus eliminate option speculation which has been a highly undesirable feature of the present system of leasing space for postal purposes when there is no suitable Government space available.

Title II of this act is entirely compatible with title I. Each title complements the other; together they present the complete authority which is necessary for a well-rounded program of procuring space for carrying on the official business of the Government.

This legislation will eliminate duplication and conflict in operation, and provide flexibility for a cooperative, joint approach by the two Federal agencies which are primarily responsible for procuring space for Government activities—the General Services Administration and the Post Office Department—to the problem of improving Government operations through furnishing of adequate space.

Mr. DONDERO. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. ANGELL], a member of our committee.

Mr. ANGELL. Mr. Chairman, as a member of the Public Works Committee, I sat in on the hearings on this legislation. In my judgment, H. R. 6342 is a good bill. It is good for these reasons: First, it does not take any money out of the National Treasury. The national debt is \$272 billion-plus. We have no money to use for construction of much-needed public buildings.

The second reason is that it gives a means for the Federal Government to acquire much needed office space and pay for it as we go. At the end of 10 years or 20 years, the amortization period, the property will become the property of the Federal Government without further payment.

The third reason is that in the meantime the property will not be taken off of the tax rolls. It helps the local communities in providing the ordinary revenues for carrying on local activities. Many of them are suffering by reason of the Federal Government owning so much property in their area. In my

own State the Federal Government owns more than 50 percent of the real estate area in the State.

In some of the Western States Government ownership is as high as 75 percent or more, but this bill will not take the property off the tax roll during the amortization period.

The purpose of the bill, as amended, is to provide for the acquisition of title to real property and the construction of public buildings by the Administrator of General Services and the Postmaster General by means of purchase-contract agreements and term-lease agreements for the accommodations of activities of the Federal Government.

The committee now has before it a number of individual bills calling for the construction of post offices and other Federal buildings in various localities. Many of these projects will be covered by the terms of H. R. 6342.

For a number of years public-buildings construction has been practically at a standstill. During this period the activities of the Government have expanded tremendously, paralleling the tremendous increase in the Nation's business activity coupled with an above-normal increase in population during the war and postwar years. Now the Federal Government finds itself with a highly inadequate physical establishment to carry on its multitude of activities in an efficient and businesslike manner.

Historically, the Government has obtained the space it needs either through construction, or by rental of privately owned space. The result has been that the Government, in many cases, has rented the same buildings for periods as long as 40 to 50 years. H. R. 6342 would remedy the situation by allowing contracts to be entered into with private parties, whereunder ownership of the property would ultimately vest in the Government. It authorizes an orderly program for acquisition of Federal public-building projects considered necessary and desirable. It also authorizes the Postmaster General to negotiate term-lease agreements with greater latitude than present law permits.

The Public Buildings Act of 1949, reported from this committee, authorized a program for site acquisition and for the design of Federal building projects. However, there has been no authorization for the actual construction of public buildings. Sites acquired, and plans and specifications prepared as a result of the Public Buildings Act of 1949 could be utilized under the provisions of H. R. 6342.

The program contemplated by the subject bill will go a long way toward alleviating deplorable conditions in post offices and other Federal buildings in municipalities where, because of delayed maintenance and the cessation of public improvements during the war years, the demand for up-to-date conveniences is very urgent.

Extensive hearings and studies were conducted by the committee on H. R. 3702, H. R. 5406, and H. R. 6342, the bill here reported. Officials of the General Services Administration and the Post Office Department appeared or presented their statements favoring the major

objectives of the legislation. There was no opposition from the Federal agencies, but a spokesman for the Post Office Department recommended certain amendments. The provisions contained in H. R. 6342 are the result of extended study and discussion between representatives of the General Services Administration, General Accounting Office, Bureau of the Budget, and the Post Office Department. This measure has grown out of recommendations made from many viewpoints.

No opposition to the bill appeared in our committee. I think it is a bill that is worthy of the vote of every Member of the House.

Mr. DONDERO. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. NEAL], a member of the committee.

Mr. NEAL. Mr. Chairman, I am a little too new in this body to be well enough acquainted with the personnel of the committee in the past to be able to extend the compliments usually extended in events of this kind, but I do know from the situation which we have in my home town, and having heard of many similar situations throughout the country, that this bill will provide relief for those communities without entailing any unusual tax obligation.

In my own town we are paying exorbitant rents, not for the post office but for the usual agencies that operate in that area. Plans have been paid for, the lot on which our building is supposed to be built has been bought and paid for out of Government funds appropriated 3 or 4 years ago, and we are ready to proceed; but under present economic conditions we would feel it a great imposition on the public if we were to ask for funds to build the type of structure we want. Our situation, therefore, is similar to that which exists everywhere. I know it will be a relief to our own people, and I feel that other areas of the country which are seeking such relief will be entitled to it. I think this is a good bill, and I am happy to have had the privilege of sitting in with the committee during its preparation.

Mr. DONDERO. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, not being one of the committee I just wanted to express my compliments to the committee for bringing out this legislation. It just so happens that I had an example in my home community and city of Seattle which I think proves the real value of this particular bill. We have in process now plans and specifications for a new post office. The situation is so bad that the post office has decided to go ahead regardless of whether this legislation is passed or not. We are going to have a post office. Instead of renting space for 10 or 20 years and then having nothing, if this legislation goes through the Government will have that building. It will make a remarkable saving, because in this instance, the cost of building a terminal post office is somewhere between \$10 million and \$15 million. So I want to compliment the committee and say I am so happy to learn that neither jurisdictional disputes,

pride, nor anything else affect this legislation. I compliment you, Mr. Chairman.

Mr. TRIMBLE. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. JONES].

Mr. JONES of Alabama. Mr. Chairman, the bill, H. R. 6342, which is now being considered by the House should be supported for the reason that it authorizes the Administrator of General Services and the Postmaster General to enter into purchase contracts for periods not less than 10 years or more than 25 years for acquisition of real property for permanent space requirements of departments and agencies of the Federal Government including the Post Office Department.

Under the provisions of the bill, the Government would be authorized to apply funds appropriated for rent payments as installment payments toward the ultimate purchase of the real property or structures concerned. Existing statutory limitations on annual rental payments of 15 percent of the fair-market value would be maintained. Title would be acquired by the Government at the expiration of the designated contract period with the annual installments including interest, taxes, and so forth, constituting the total purchase price.

The objective of the bill is to permit the Government to procure space for permanent agencies in communities throughout the United States where it is clearly established that due to continuing Federal activities in such areas the space will be fully utilized in the conduct of Government business.

The provisions of the bill would provide an additional means by which the purposes of the Public Buildings Act of 1949 may be implemented and accelerated and this legislation would enable the Federal Government to acquire office and other space under private construction programs at low rates of interest over an extended period within appropriations to Federal agencies now provided for the payment of rent. Its enactment would tend to eliminate high recurring rents necessary under present short-term leases. Private investment firms, insurance companies, and local banking institutions would be encouraged to provide necessary construction funds under such a guarantee against loss and assurance of a fair return on investments over an extended period of years. Another advantage is that properties involved would continue to be subject to local taxes during the entire term of the purchase contracts. The Government would recover much of these investments through acquisition of title to the properties under contract at the expiration of the contract period.

At the present time the Administrator of General Services, for the housing of Federal agencies, is restricted to the making of leases not in excess of 5 years outside the District of Columbia, and to periods not in excess of 1 year within the District of Columbia.

Historically the Governments has obtained the space it needs either through construction or by rental of privately owned space. The result has been

that the Government, in many cases, has rented the same buildings for periods of from 40 to 50 years. This proposed legislation would remedy the situation by allowing contracts to be entered into with private industry whereunder ownership of the property would ultimately vest in the Government.

The Government finds itself at present competing with private enterprise for space at increasingly high rentals. These rentals, in many cases, have reached a point where if applied to contracts entered into in accordance with the proposed bill, they would be sufficient to permit transfer of title to the Government in 25 years. It is apparent therefore that considerable money could be saved to the Government by virtue of the proposed legislation as contrasted to straight leases to the Government at the termination of which it would have nothing by way of title to the properties.

The provisions of the bill would also authorize the Federal Government to enter into purchase contracts with respect to existing properties including those for which conversions, additions, extensions or remodeling may be required and properties upon which construction is to be subsequently effected.

The provisions of the proposed legislation would also authorize the exchange of any Government-owned real property for privately owned real property and the value of the former would be credited at the time of exchange to the payments to be made by the Government to the private owner in accordance with the provisions of a purchase contract, the balance to be liquidated by installment payments.

The bill, if enacted into law, would provide the Federal Government with authority to initiate necessary building programs to meet its increased requirements for office space in the various sections of the country. It would provide a medium for partial alleviation of unemployment incident to any recession that may follow possible cutbacks in the national defense program. Its full implementation over an extended period of years would promote the housing of the principal Federal services in conveniently located areas and tend to relieve the conditions presently existing which cause great inconvenience to the public.

In the interest of better purchasing as well as leasing and rental economy it is imperatively important that the Administrator of the General Services Administration and the Postmaster General be given every device, tool, and technique commonly in present use by private business whereby there may be negotiated the most advantageous purchase and leasehold agreements for the United States Government.

(Mr. ANGELL and Mr. DONDERO asked and were given permission to revise and extend their remarks.)

Mr. TRIMBLE. Mr. Chairman, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. ELLIOTT. Mr. Chairman, I am for the pending bill, H. R. 6342. I had the privilege in 1949 of helping to pass the Public Buildings Act. At that time no construction of Government-owned post-office buildings had been made since 1941. The purpose of the act of 1949, as I remember, was to provide eventually for the construction of at least one post-office building in each congressional district, the building to be constructed for a post office that had receipts of more than \$10,000 per year.

After the Public Buildings Act of 1949 was enacted, some sites were acquired by the Post Office Department, but to date no buildings have been built and with the present large deficits, and the huge cost of a military machine strong enough to reasonably guarantee our safety, I think it is fair to say that there is no immediate prospect of the Federal Government having enough money to construct federally owned post-office buildings.

The congressional district which I have the honor to represent has many towns in which post office buildings are badly needed. It has several towns that are eligible for construction under all the formulas that were used prior to the cessation of construction in 1941.

The bill before us will allow the Post Office Department to construct post office buildings on a lease-sale basis under a contract to be negotiated between the owner of the building and the United States Government. As I understand the bill, when the lease-sale payments stipulated in the contract have been paid by the Federal Government to the owner of the building, title to the building automatically vests in the Federal Government.

In general terms, this bill simply transfers the credit system for the construction of homes to the construction of Federal buildings. The United States will buy a postal building and pay for it on an annual basis, very similar to a rental basis. When the rental payments have been sufficient to pay the cost involved, title to the building will vest in the United States Government.

This is very beneficial legislation:

In the first place, it will enable local communities to arrange for the construction of buildings for lease-sale to the Federal Government and thereby acquire for themselves modern, efficient post office quarters.

In the second place, the construction of the building will be done by private interests in the best free enterprise traditions.

There is a great need for this type of legislation and I see in it the fulfillment of several objectives. Members of Congress from Alabama have been interested in public buildings construction legislation since I came to Congress. In the 81st Congress, our colleagues, the gentleman from Alabama [Mr. ANDREWS], of the Third Alabama District, and the gentleman from Alabama, Mr. Hobbs, of the Fourth Alabama District, pioneered in this type legislation. The gentleman from Alabama [Mr. JONES], of the Eighth District, is an able,

energetic, and active member of the House Committee on Public Works which brings this bill here for debate today.

Early in this session of Congress, I had the privilege of sponsoring a bill which broadly aimed at the result which I think this bill attains.

I believe this bill, when enacted into law, will have the effect of providing for hundreds of additional, badly needed post office buildings throughout the United States.

The postal service is that branch of the Federal Government that more intimately and regularly touches the lives of all the people of the United States, than does any other. The post office in thousands of communities throughout the country is the symbol of the United States. I do not contend that postal buildings should be ornate or expensive beyond the requirements of practical utility, but I do feel that they should be substantial and constructed in such a way as to promote the greatest possible efficiency in the postal service at the local level.

I hope this bill passes.

Mr. EVINS. Mr. Chairman, earlier today I spoke of the need and importance of the passage of legislation to provide for the building of needed post office buildings. The committee in reporting this bill has certainly made a step in the right direction. Certainly I am supporting this bill—I would have much preferred a real construction bill rather than legislation authorizing the Department to enter into lease-purchase arrangements. We have all found that it is not always possible to achieve the maximum in legislation, so I welcome the opportunity to support the pending bill because it will give a measure of relief and serve to bring about the construction of some new post office buildings throughout the Nation which are greatly needed.

As I indicated earlier, this is a subject concerning which I have been tremendously interested during my period of service in the Congress. I have had numerous conferences with members of the House Public Works Committee and also representatives of the Post Office Department urging that the Department sponsor a post office building program and that the committee enact legislation to achieve this purpose. On one occasion I talked at length with former President Truman asking him to include a recommendation in his state of the Union message to the Congress for a Federal public buildings program.

Because of World War II and the emergencies that have developed since the war there has been no public-building program for the past several years. The time has arrived, certainly, when the Federal Government should enter upon a program of Federal building construction. The shortage of material has eased. There are more than 2 million unemployed persons in the United States at this time and there is thus an ample available labor supply. In addition to this fact, there is the ever-growing and pressing need for Federal post-office buildings—especially in our smaller

towns—and the communities that were considered small several years ago but which have now grown into thriving, enterprising cities.

There are 10 towns within the district which I have the honor to represent that are eligible on the basis of annual revenue for a post-office building. The Post Office Department has previously acquired building sites in some of these towns and in instances where sites have been acquired, these lots have been vacant for a number of years. The postal receipts of many offices far exceed the minimum \$10-thousand-per-annum postal-revenue receipts set by the statute to qualify for a building under the act.

Another factor, Mr. Chairman, which I believe should be considered in connection with this legislation is the amount of rent annually being paid by the Federal Government for the use of post-office buildings. Last year alone the Post Office Department paid rents in excess of \$30 million. By the plan here proposed a great savings in rental ultimately will be effected inasmuch as the Federal Government, after the period of the lease-rental arrangement, will own the post offices and further rental payments, of course, will not be required. The Government will be acquiring physical assets in the form of Government property. Local building will be stimulated and the building of new post-office buildings in many towns and communities throughout the Nation will satisfy a community need and community pride while also serving to greatly improve the efficiency of the postal service to the people of the Nation. I certainly favor legislation benefiting the people of our own towns and communities and the districts which we represent. So I am pleased to support this bill and I trust that following its enactment, the Post Office Department will proceed speedily toward the bringing into being of post-office buildings within all of the towns and cities of the district which I have the honor to represent as well as elsewhere throughout the Nation.

Mr. HAYS of Arkansas. Mr. Chairman, I believe that this measure will enable the Federal Government to inaugurate a sound program to meet our expanded building requirements. I wish to present a related problem. There is pending before the Committee on Agriculture a measure providing authority for the construction of county agricultural buildings, H. R. 3918, a program which is not adaptable to the procedures outlined in the bill now before the committee. I first presented this proposal during the 79th Congress and have reintroduced the bill in succeeding Congresses, but have not urged action upon it since there has hardly been a time during this period when it seemed appropriate for the Federal Government to inaugurate a building program. But, Mr. Speaker, provision should be made for agricultural buildings in separate legislation. The Federal Government is spending close to \$3 million a year in rental upon private buildings for the use of Federal agricultural agencies. Under an amortization plan this sum would provide a beginning and ultimately there

could be built either separate structures or annexes to existing buildings in all agricultural counties.

Under the terms of my proposal, the Secretary of Agriculture is authorized to develop a program for county buildings to be constructed by the counties in which agriculture is a predominant industry. Financial assistance on the part of the Federal Government should not exceed 30 percent of the construction cost of the project, exclusive of the land, except in those counties where county authorities certify that their financial income is not sufficient to meet the percentage requirement. But in no case should more than 50 percent of the building cost be supplied by the Federal Government.

In view of the suggestions from various parts of the country that at the appropriate time a county agricultural building program be undertaken, I trust that the Committee on Agriculture will be able to take notice of proposals of this character during the next session of the Congress. My own proposal includes the essential principles of ownership by the counties and provision for an auditorium for farm meetings.

Mr. TRIMBLE. Mr. Chairman, we have no further requests for time.

Mr. DONDERO. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. There being no further requests for time the Clerk will read.

The Clerk read as follows:

Be it enacted, etc.—

TITLE I—GENERAL SERVICES ADMINISTRATION

SEC. 101. The Public Buildings Act of 1949 is amended by (1) redesignating section 411 thereof as section 412, and (2) inserting, immediately after section 410 thereof, the following new section:

"SEC. 411. (a) Whenever the Administrator of General Services determines that (1) the needs for space for the permanent activities of the Federal Government in any particular area cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for the accommodation of activities of the Government in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), except for the accommodation of activities of the Post Office Department, by negotiating and entering into purchase contracts, the terms of which shall not be less than 10 nor more than 25 years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the contract term and upon fulfillment of the terms and conditions stipulated in each of such purchase contracts. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of installment payments made thereunder including provision for the exchange of surplus real property or real property which may become surplus as a result of such agreement, where the Administrator determines that the best interests of the Government in economy and efficiency of operation will be served.

"(b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or re-

modeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

"(c) The Administrator of General Services is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demolition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable purchase contracts.

"(d) Each such purchase contract shall include such provisions as the Administrator of General Services, in his discretion, shall deem to be in the best interests of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States: *Provided*, That no such agreement may provide for the payment by the United States in pursuance of the terms thereof of moneys in an aggregate annual amount in excess of 15 percent of the appraised fair market value of the property at the date of the purchase contract, or in the case of property where construction shall not have been completed at that date in excess of 15 percent of the fair market value at the date of completion of such construction.

"(e) No proposed purchase contract agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, 30 days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

"(f) Funds now or hereafter available for the payment of rent and related charges for premises, whether appropriated directly to the General Services Administration or to any other agency of the Government and received by said Administration for such purpose, may be utilized by the Administrator of General Services to make payments becoming due from time to time from the United States as current charges in connection with agreements entered into under authority of this section: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the contract term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized: *Provided further*, That the value of any Government real property to be exchanged under any such agreement may be credited at the time of exchange to the payments to be made by the United States thereunder: *Provided further*, That Government real property to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall, except as provided in section 205 of the Post Office Department Property Act of 1953, be covered into the miscellaneous receipts of the Treasury of the United States.

"(g) When requested by the Postmaster General, the Administrator of General Services is hereby authorized to exercise the authority vested in him by this section (1) to acquire property for postal purposes, or (2) to provide space for postal purposes in buildings acquired under this section for other purposes.

"(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

"(i) If any provision of this section or the application thereof to any person or circumstance is held invalid, the remainder of this section and the application thereof to other persons or circumstances shall not be affected thereby.

"(j) (1) Section 302 (c) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to purchase contract agreements entered into under this section, except that any such agreement may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

"(2) Except as provided by paragraph (1) of this subsection, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); section 3 of the act of August 27, 1935, as amended (60 Stat. 257; 40 U. S. C. 304c); section 407 of this act; and any other provision of law (except applicable labor standards provisions) relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to purchase contract agreements executed under this section."

SEC. 102. It is not the intention of the Congress that the program authorized by this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the Federal Government.

SEC. 103. This title may be cited as the "Public Buildings Purchase Contract Act of 1953."

TITLE II—POST OFFICE DEPARTMENT

SEC. 201. It is the purpose of this title to supplement existing provisions of law for the leasing of space for postal purposes by providing authorization for the acquisition by the Postmaster General of such space through the execution of lease-purchase and other agreements under which the United States will obtain immediate use of such space and will make periodic payments, and in the case of lease-purchase agreements will obtain title to the property described therein at or prior to the end of the term prescribed therein. It is not the intention of the Congress that the program authorized by section 202 of this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the postal service.

SEC. 202. (a) Whenever the Postmaster General determines that (1) there is a substantial need for space for postal purposes in any particular area which cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, (2) the receipts of the post office serving such area exceed \$10,000 per year, and (3) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for postal purposes in suitable structures of permanent-type construction in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), by negotiating and entering into lease-purchase agreements, the terms of which shall not be less than 10 or more than 25 years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the leasehold term and upon fulfillment of the terms and condi-

tions stipulated in each of such lease-purchase agreements. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of rental payments made thereunder. Such payments under any such agreement may include amounts for the amortization of the fair market value on the date of such agreement of the property described therein. The financial transactions of the Post Office Department with respect to such lease-purchase agreements shall be subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950 (act of August 17, 1950, ch. 735, 81st Congress, 2d sess.).

(b) The Postmaster General is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements.

(c) The Postmaster General is authorized to enter into agreements, with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land purchased by the United States for postal purposes, including the demolition of obsolete and outmoded structures situate thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable lease-purchase agreement.

(d) Each such lease-purchase agreement shall include such provisions as the Postmaster General, in his discretion, shall deem to be in the best interest of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States.

(e) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General to make any payments becoming due from time to time from the United States in pursuance of lease-purchase agreements entered into under the authority of this title: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any lease-purchase agreement prior to the expiration of the leasehold term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized.

SEC. 203. (a) Notwithstanding any other provision of law, the Postmaster General is authorized to—

(1) negotiate and enter into lease agreements with any person, copartnership, corporation, or other public or private entity, on such terms as the Postmaster General deems to be in the best interests of the United States, for the erection by such lessor of such buildings and improvements for postal purposes as the Postmaster General deems appropriate, on lands sold, leased, or otherwise disposed of by the Postmaster General to, or otherwise acquired by, such person, copartnership, corporation, or public or private entity;

(2) for the purposes of paragraph (1) of this section, and without regard to the Federal Property and Administrative Services Act of 1949 (act of June 30, 1949, ch. 283, 81st Cong., 1st sess.), as amended.

(A) acquire by purchase, condemnation, lease, donation, or otherwise, and on such terms as he shall deem appropriate to the best interests of the United States, real property and interests therein, for use for postal purposes; and

(B) dispose of real property, and interests therein, acquired for use or used for postal purposes by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States.

(b) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General for the purposes of this section.

SEC. 204. The Postmaster General may, at the time he enters into any lease-purchase or lease agreement under authority of this title, include in such agreement a provision for adjustment of the rental paid to any lessor to compensate for any increase or decrease in taxes on the leased property.

SEC. 205. Amounts received by the Government from sales, leases, or other disposals of property acquired in the performance by the Postmaster General of the functions vested in him by this title shall be credited to the current applicable appropriation of the Post Office Department and shall be available for expenditure for the purposes of this title.

SEC. 206. The Postmaster General shall take title, on behalf of the United States, to all real property purchased by him under authority of this title.

SEC. 207. (a) Section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to the acquisition in fee simple of real property under this title, except that any lease-purchase agreement to acquire real property under this title may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the real property described therein.

(b) Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall apply (1) to the acquisition of real property by lease-purchase agreements, under authority of section 202 of this title, and (2) to the lease agreements entered into under authority of paragraph (1) of section 203 (a) of this title.

(c) Except as provided by subsections (a) and (b) of this section, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); and any other provision of law (except applicable labor standards provisions) relating to the acquisition or disposal of real property, construction of buildings, or leasing of space, shall not apply to any of the functions performed by the Postmaster General in effectuating the purposes of this title.

SEC. 208. No agreement shall be entered into under this title later than a date 10 years after the date of enactment of this title.

SEC. 209. The Postmaster General shall include in his annual report an account of transactions conducted during the applicable year pursuant to the provisions of this title.

SEC. 210. This title may be cited as the "Post Office Department Property Act of 1953."

Mr. DONDERO (interrupting reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with and that the bill be open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SMITH of Mississippi. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Mississippi: Add a new section to title II to read as follows:

"No proposed purchase contract agreement shall be executed under this section unless it has been submitted, 30 days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees."

Mr. SMITH of Mississippi. Mr. Chairman, the amendment which I have offered is taken from the language in title I of this bill, with the exception of the \$50,000 limitation provided in title I. It simply provides the same type of reasonable control by the Congress of this building function on the part of the executive branch that it is deemed appropriate to take in title I. If it is proper for the Congress to exercise any control in regard to these buildings as is provided in title I, then it is proper that this control should be exercised with regard to title II.

I see no reason why we should feel it necessary to exercise no control whatsoever so far as title II is concerned. My amendment provides for a reasonable control. It has been approved, in effect, by the executive department when it asks approval of the proposal listed in title I. It is not an undue limitation; it is merely enforcing what should be the natural authority, the Congress, in the field of public buildings, a historic role that the Congress has had ever since Federal building construction began over 150 years ago, and which the Congress has never given up.

I think you should realize that under title II of this bill there will be no post-office buildings constructed except virtually under the terms provided in that title, which is perhaps a good thing, at least during this period when financial conditions are so stringent. We will not be able to get direct appropriations for post-office construction. But we should not give up the historic role that the Congress has had in authorizing building construction. We should have some small degree of check along the lines I have proposed. The language is not original with me; it is merely the language provided on page 4, with the exception I have indicated. If that language is proper in regard to the buildings that will be built by the General Services Administration it is certainly proper that it should be in effect in regard to buildings that will be built by the Post Office Department.

I hope the committee will see the reasonableness of this proposal and accept the amendment.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Mississippi. I yield to the gentleman from Michigan.

Mr. DONDERO. Under the gentleman's amendment a building that would cost as little as five or ten thousand dollars would have to be submitted back through leaving out the limitation in title I of the bill?

Mr. SMITH of Mississippi. That is right. Under the present law, a post office that would cost as little as five or ten thousand dollars has to be authorized by the Congress. My amendment would not provide that the authorization process be stopped; it would merely pro-

vide that the voice of the Congress in regard to these authorizations be heard.

I do not believe that the new administration, which has expressed so highly its faith in a good working relation with the Congress, can object to carrying over this idea in regard to post-office construction that it has accepted in the field of General Services construction.

Mr. ANGELL. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Mississippi. I yield to the gentleman from Oregon.

Mr. ANGELL. What would the gentleman say in the case where a proposal was submitted to the Congress and the Congress took no action? What effect would that have on the project?

Mr. SMITH of Mississippi. If the Congress took no action and did not approve it, the inference would be that the Congress did not want it built. Certainly that is the inference which has to be taken in regard to these contracts for building purposes under the General Services Administration on page 4 of the bill.

Mr. ANGELL. If the gentleman's amendment was adopted and that report was submitted, that would end the whole building project.

Mr. SMITH of Mississippi. That is perhaps correct, and perhaps it should be ended. That is one of the functions and obligations of the Congress. If the administration wants to exercise too much authority, we should be able to check on it. That is what I understand we are supposed to be doing, checking on the administration's spending through its different agencies. As far as the efforts of a Congressman to get any type of building in his district, if the approval has to be given by the Congress, naturally, the Congressman is going to have a greater chance of getting what he wants. That is merely a by-product of its own rule that the Congress has had in the past in authorizing public buildings.

Mr. MCGREGOR. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I know that my distinguished friend, the gentleman from Mississippi [Mr. SMITH] did not want to leave a misleading statement in your mind. He said that his amendment to title 2 was the same as the amendment to title 1 on page 4.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. MCGREGOR. Certainly, I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. I beg the gentleman's pardon. I said with the exception of the limitation of \$50,000.

Mr. MCGREGOR. Probably I was not listening, so I apologize to the gentleman if he said except limitation of \$50,000. But I do want to call to your attention on page 4 that we have a \$50,000 limitation. If the gentleman's amendment was put into effect, every post office, whether it cost \$10,000 or \$12,000, or \$20,000 would have to be submitted to the Congress for approval. Now, Congress does approve every single project in this legislation. Why? Because the lease agreements, contracts, and purchases, are entirely paid out of

appropriations by the Committee on Appropriations of the Congress. They cannot exceed appropriations established for rentals, which means that the Committee on Appropriations does have, and you as members of the committee have, a chance to check on every single item if you want to, because when that appropriation bill comes before the Congress there must be a record made.

Let me read from page 13 of the bill:

The Postmaster General shall include in his annual report an account of transactions conducted during the applicable year pursuant to the provisions of this title.

Congress does have a hand in what is going to be done. Mr. Chairman, we have three branches of government, the executive, the legislative, and the judicial. If we, as the legislative branch, are going to dictate to the executive branch of the Government, then we are exceeding the authority given to us by the Constitution of these United States. We must have those three branches, and it is our prerogative to take care of and O. K., if you please, these transactions, and we do it when it comes time to vote on the appropriation bills.

Mr. AUCHINCLOSS. Mr. Chairman, will the gentleman yield?

Mr. MCGREGOR. I yield to the gentleman from New Jersey.

Mr. AUCHINCLOSS. I think the point that the gentleman just made about encroachment on the executive branch of the Government was the basis on which the President vetoed the previous legislation.

Mr. MCGREGOR. That is correct. In the President's veto message of last year it was explained that was one of his reasons for vetoing the legislation.

Mr. WICKERSHAM. Mr. Chairman, will the gentleman yield?

Mr. MCGREGOR. I yield to the gentleman from Oklahoma.

Mr. WICKERSHAM. I think the gentleman from Ohio has made a very worthwhile argument and I think he has convinced the Members. Let us vote.

Mr. MCGREGOR. I thank the gentleman.

There are some technical points in this bill. This bill came out of our committee by unanimous vote. It passed the Committee on Rules by unanimous vote and I certainly hope that the membership will defeat the amendment offered by my good friend, the gentleman from Mississippi [Mr. SMITH].

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. MCGREGOR. I yield to the gentleman from California.

Mr. JOHNSON. As I understand the discussion, the idea of this bill is that we may pay for post offices and other public buildings on the installment plan.

Mr. MCGREGOR. That is correct.

Mr. JOHNSON. That is the way 70 percent of the people in America bought their homes.

May I make this comment: If the military of our Government had built the housing for the military people who draw rent money under the laws of Congress we would have saved hundreds and hundreds of millions of dollars.

Mr. MCGREGOR. I thank the gentleman, and I do know of his interest in this legislation.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. MCGREGOR. I yield.

Mr. ROGERS of Florida. May I ask the gentleman from Ohio if this plan would not expedite and facilitate the building of post offices in communities that need them really badly at the present time?

Mr. MCGREGOR. Very much so.

Mr. Chairman, I hope the amendment is defeated.

Mr. DAVIS of Georgia. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Georgia to the amendment offered by Mr. SMITH of Mississippi: Insert after the word "agreement", the following: "calling for the expenditure of more than \$25,000 total."

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Chairman, I want to express approval of the legislation in general, but I feel that the amendment the gentleman from Mississippi [Mr. SMITH] has offered will serve a good purpose, provided there is a figure placed in there which would limit the application of his amendment to projects which cost a total of \$25,000 or more.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. SMITH of Mississippi. I think the gentleman's amendment is a very good one, and I am glad to support his amendment to my amendment.

Mr. DAVIS of Georgia. I thank the gentleman.

As you will notice on page 4, the bill calls for the supervising of these contracts in every other department where the bill may apply except the Post Office Department, where the expenditure is more than \$50,000 per annum. We have also already in existence a provision of this same nature which applies to purchases, leases, or sales by the military departments. In title 6 of Public Law 155 of the 82d Congress it was provided that all purchasing, leasing, and disposing of real property by the military departments and the Civil Defense Administration where the amount involved is \$25,000 or more must be cleared with the House and Senate subcommittees. It is a simple procedure. It does not involve any great detail. It works very satisfactorily and has already been tried and tested in these military and civil defense leases, purchases, and sales.

I have talked to the staff of the House Committee on Armed Services to get the details of how they work that provision of the law. When it is proposed to purchase, lease, or dispose of any real property by the military departments, this is what happens: They submit mimeographed descriptions of the plans to purchase, lease, or dispose of real property, the value of which is \$25,000 or more, to the Committee on Armed Services. Copies of the plans are distributed to each member. At a later date, usually

about 10 days, they have a subcommittee on that subject which meets to consider them. They do give them consideration, and if the case appears to be worthy and meritorious they approve it, that is all there is to it. If not, then under that law they have the opportunity to prevent waste and extravagant purchases or leases, and to exercise that supervision which the Congress is supposed to exercise over the spending of the peoples' money. Why should the Department of the Post Office be the only department of the Government which is exempted from this kind of supervision of the Congress when every other department is subjected to it? Of course, it would not be in title I of this bill unless the committee thought it would be worthwhile insofar as these other matters are concerned.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. SMITH of Mississippi. Can the gentleman see any logic in the Congress in the same piece of legislation providing one requirement for one department of the Government and then exempting another department?

Mr. DAVIS of Georgia. I can see no logic in it, particularly when in another piece of legislation which we passed in the 82d Congress, we made the same provision with regard to the military department and the civil defense. What is there about the Post Office Department that makes them exempt from the supervision of the Congress in the same way that the military and civil defense and all other departments which are involved in this bill are subject except the Department of the Post Office?

Mr. SMITH of Mississippi. The gentleman is a member of the Committee on Post Office and Civil Service. Is it his understanding that if this amendment is adopted it would have any effect whatsoever toward reducing the number of post offices that would be constructed under the bill?

Mr. DAVIS of Georgia. I do not believe it would. I do not think it would put any heavy burden on the Committee on Post Office and Civil Service. I mentioned this at the time we had this legislation up, with the ranking Democratic member of our committee, the gentleman from Tennessee [Mr. MURRAY] and I told him at that time that I was in favor of a similar provision to this being in the bill. We had some hearings on this legislation before the Committee on Post Office and Civil Service, and then the bill which was pending there got out of our committee and got into the other committee here and so it is here before the House in this bill. That is my version of it, and I think the amendment is good.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. REES of Kansas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not usually differ with my distinguished friend, the gentleman from Georgia, and I dare say he may be correct. I hardly think so. Do I understand it is his opinion his proposed amendment would not

slow down the program we are providing in this legislation? Is that his opinion?

Mr. DAVIS of Georgia. Yes, I think this is a very necessary procedure. I do not think it would slow it down any more than is necessary to give our committee a reasonable look at it.

Mr. REES of Kansas. Is the gentleman satisfied with all the remainder of title II?

Mr. DAVIS of Georgia. Yes, I have no objection to the remainder of it.

Mr. REES of Kansas. Except just the proposed item of \$25,000.

Mr. DAVIS of Georgia. That is correct.

Mr. REES of Kansas. I regret to differ with the gentleman. I still think the \$50,000 figure ought to remain in the bill. I cannot understand his logic on that, but maybe I do not quite understand the gentleman.

Mr. DAVIS of Georgia. I have not undertaken to change the \$50,000 figure which is on page 4 of the bill. I have undertaken to put the figure \$25,000 in the amendment which was offered by the gentleman from Mississippi [Mr. SMITH]. I have not undertaken by my amendment to affect the \$50,000 at all in line 12, on page 4. My amendment does not apply to that.

Mr. MCGREGOR. Mr. Chairman, we cannot hear the explanation of the gentleman, and I would very much like to hear it.

Mr. DAVIS of Georgia. I was saying to the gentleman from Kansas that my amendment does not apply at all to the figure \$50,000 in line 12, on page 4. My amendment merely places the figure \$25,000 in the amendment offered by the gentleman from Mississippi [Mr. SMITH] to title II of this bill.

Mr. REES of Kansas. The gentleman from Georgia offers an amendment to the amendment of the gentleman from Mississippi [Mr. SMITH], is that correct?

Mr. DAVIS of Georgia. Yes, which the gentleman from Mississippi says he will accept.

Mr. REES of Kansas. I do not want to argue the point, but I still think the language ought to remain as presently in the bill. That is my opinion.

Mr. DAVIS of Georgia. Will the gentleman yield further?

Mr. REES of Kansas. I am happy to yield.

Mr. DAVIS of Georgia. I will say to the gentleman that neither the amendment of the gentleman from Mississippi nor the amendment that I offer will strike any language from the bill.

Mr. DONDERO. Mr. Chairman, I rise in opposition to the amendment.

This bill comes to the House, as explained by the gentleman from Ohio [Mr. MCGREGOR], under a unanimous vote of our committee. I hate to oppose any amendment offered by my good friend the gentleman from Mississippi [Mr. SMITH], or my good friend the gentleman from Georgia [Mr. DAVIS], but it changes the bill somewhat, and, therefore, I am asking that the amendment and the substitute amendment be voted down.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield to the gentleman from Virginia.

Mr. HARDY. Would the gentleman explain the reason for leaving out the provision with respect to the post office, which was put in with respect to the General Services Administration?

Mr. DONDERO. The question of leases that may come up will involve amounts smaller than provided in the bill, and we think it best to leave it just as we reported it to the House.

Mr. HARDY. If you have a \$25,000 or \$50,000 limitation, it does not seem to me that those are very small leases.

Mr. DONDERO. Of course, this title of the bill comes under the jurisdiction of the Post Office Committee and not the Committee on Public Works. But it has been agreed to by both committees that the bill, and as we have reported it, will do the work and would expedite the building of post offices in this country. For that reason we left it out.

Mr. Chairman, I ask for a vote.

Mr. HARDY. Mr. Chairman, I move to strike out the last word. I shall take but 1 or 2 minutes. The provision requiring that these matters be resubmitted to the committees, it seems to me, is a good provision. I do not see any reason why it should be included with respect to General Services and left out with respect to the Post Office Department.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I am happy to yield to the gentleman.

Mr. DAVIS of Georgia. Does the gentleman know of any difficulty that has attended the lease, purchase, or sale of real property where this same supervision is exercised by the Military Department?

Mr. HARDY. I might say to the gentleman that I am currently serving on the Real Estate Subcommittee of the Armed Services Committee and every one of these projects of the military is submitted to our committee under the very able chairmanship of the gentleman from Iowa [Mr. CUNNINGHAM]. I know of no particular delay that has been occasioned by the submission of these leases or these real-estate acquisitions. The fact of the matter is, I believe it was on yesterday or the day before, our committee saved \$103,000 on a lease which was not proper. I think the same would happen in a great many cases in the Post Office as well as in General Services.

Mr. MCGREGOR. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I am glad to yield to the gentleman.

Mr. MCGREGOR. Regardless whether or not this amendment is approved, you are going to get exactly the same situation as far as the vote on the Appropriations Committee or the vote by the Congress is concerned, because I refer the gentleman to the language, "The Postmaster General shall include in his annual report," and so forth.

Mr. HARDY. I might say to the gentleman that I do not think the Approp-

riations Committee action will cover these matters. Funds are appropriated for the purpose of making leases, and Congress has no control over individual leases at all. In addition to that, I think the legislative committees which have jurisdiction are in a better position to scrutinize these individual items than is the Appropriations Committee.

Mr. MCGREGOR. If the gentleman will yield further, of course, when the bill comes to the floor every Member of Congress, whether he is a member of a legislative committee or of the Appropriations Committee, has the right to demand and to receive information relative to each specific project.

Mr. HARDY. I think the gentleman misses the point. The point is that Congress will not get the chance to scrutinize these until after the contract has been entered into. Unless the projects are submitted before the leases are made, we shall not be able to reject them, if they ought to be rejected. This is so with regard to the Congress as a whole and to the Appropriations Committee.

Mr. MCGREGOR. I want to tell my good friend that in the General Services Agency we have the clause that is being suggested.

Mr. HARDY. That is correct.

Mr. MCGREGOR. But we found out that the Post Office officials were not in accord with that.

Mr. HARDY. I am not surprised.

Mr. MCGREGOR. We do not want to get into a scrap with the Post Office Department, we do not want to get into a scrap with the administration, or with the General Services Administration as we did last year and got no bill. That is what is going to happen, you are going to stir up that same argument that we had last year with the result that there will be no bill and then you will be hollering to the high heavens because you have not got a post office.

Mr. HARDY. But under the language of this amendment if the Post Office Committee decides that it will not do a thing about these cases it has it within its power, and under this language it is not required to do anything at all. But if they are submitted to the committee it at least has the opportunity to scrutinize them if it cares to do so. There is no directive in this amendment; and insofar as I can see it certainly would not impose any burden on the Post Office Committee which that committee would not care to assume.

Mr. MCGREGOR. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I shall be glad to yield to my colleague from Ohio.

Mr. MCGREGOR. I am sure the gentleman has sat in on conference committees with the various departments and he realizes that when you get agreement on the part of the Post Office Department, the General Services Administration, the Budget, and those interested outside of the governmental functions, then it is most difficult after you have established it to come on to the floor and make some changes.

My distinguished friend from Mississippi, the author of this amendment, dis-

cussed this amendment in the committee.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(Mr. HARDY asked and was given permission to proceed for 1 additional minute.)

Mr. HARDY. This is perfectly reasonable. A similar provision is applicable to the military except it requires that the Armed Services Committee come into agreement with the military before they can proceed. The language of this amendment does not make any such requirement. If the Committee on the Post Office and the Civil Service does not care to scrutinize these, under this language it does not have to, but it will have the opportunity to do so if it so desires in its wisdom.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

(On request of Mr. SMITH of Mississippi and by unanimous consent Mr. HARDY was allowed to proceed for 3 additional minutes.)

Mr. SMITH of Mississippi. I am sorry to impose on the gentleman from Virginia, but during his statement the gentleman from Ohio made a statement which I think should be corrected.

First of all, this amendment was discussed in the committee. It was not voted on. The gentleman from Ohio suggested that we put it off until we got to the floor, when there would be some Civil Service Committee people here and perhaps it would be accepted. A few minutes ago I took this up with the chairman of that committee and he indicated that he would not object to it, but he said: "Let us see how Mr. MCGREGOR feels." Then the gentleman from Ohio did not like it. That is the situation. This matter never came to a vote in the Public Works Committee.

Mr. HARDY. Since I still have control of the time I do not want this to get to the stage of an argument here. I think this is a good amendment. The gentleman from Mississippi might adversely affect it so I just hope it can be agreed to.

Mr. MURRAY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Mississippi [Mr. SMITH] and the amendment offered to the amendment by the gentleman from Georgia [Mr. DAVIS].

This amendment was never considered by our committee; it was not proposed to our committee. The Committee on Post Office and Civil Service had a bill which is now title II of the present bill under consideration. Last year, as chairman of the Post Office and Civil Service Committee, I introduced a similar bill. It passed the House. Unfortunately the gentleman from Mississippi was able to get an amendment somewhat similar to the one he is now proposing adopted, and as a result the bill last year was not approved by the President.

The language of title II has the unanimous approval of the Committee on Post Office and Civil Service. This

amendment will slow down the lease-purchase program of the Post Office Department and will be of no benefit whatsoever.

I ask that the amendment and the amendment to the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. DAVIS] to the amendment offered by the gentleman from Mississippi [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. DAVIS of Georgia) there were—ayes 20, noes 56.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. SMITH].

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. VAN ZANDT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, pursuant to House Resolution 344 he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

AMENDMENT TO RAILROAD RETIREMENT ACT OF 1937, AS AMENDED

Mr. LATHAM. Mr. Speaker, I call up House Resolution 336 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 356) to amend the Railroad Retirement Act of 1937, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto for final passage without intervening motion except one motion to recommit.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Virginia [Mr. SMITH], and at this time yield myself such time as I may use.

Mr. Speaker, House Resolution 336 is a rule which provides for 2 hours general debate, an open rule, in the consideration of the bill H. R. 356. That bill is a measure which would retroactively repeal one of the provisions which was written into the Railroad Retirement Act by the 82d Congress in 1951. The provision it deals with is the so-called social security offset provision, otherwise known as the dual-benefit provision.

The provision which it is sought now to repeal is one that would reduce the pension of certain retired railroad workers who might be entitled to social-security benefits even though they do not get social-security benefits. It has been thought that that provision is manifestly unfair. It was not intended by the Congress to effect that result and this measure would cure that defect in the law. It would seem to be a very meritorious piece of legislation, although there is some controversy with regard to it.

Mr. BENNETT of Michigan. Mr. Speaker, will the gentleman yield?

Mr. LATHAM. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. The American Association of Railroads is opposed to this bill. Eighty percent of railroad labor, or the people representing railroad labor, are opposed to it. The Railroad Retirement Board, which administers this law, is opposed to it unanimously. Under those circumstances, where practically everybody concerned with the railroad retirement problem, the employers, the employees, and the agencies administering the law being diametrically opposed to it, does he not think this is a poor time for the House to bring up a matter of this kind?

Mr. LATHAM. Mr. Speaker, in view of the fact that the committee has reported this bill, I suggest that we adopt the rule expeditiously. Certainly it should be considered by the House, and then a full discussion of the merits of the bill can be had.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. LATHAM. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. For the benefit of the House, the International Machinists Union, some 800,000, are supporting this bill; the Congress of Industrial Organizations, with better than 100,000 members who are railroad employees; the United Steel Workers of America, with some 10,000 employees; the Railway Patrolmen's International Union of the American Federation of Labor, are all supporting this bill. So do the BRT, ORC, BLE, B. L. F. and E. and the switchmen's union. Therefore, I challenge the statement that 80 percent of the railroad employees of this country are opposed to this bill.

Mr. BENNETT of Michigan. Does the gentleman dispute the fact that the Railway Labor Executive Association, representing approximately 80 percent

of the railroad employees, is opposed to this bill?

Mr. VAN ZANDT. I reply to the gentleman by saying that Mr. A. J. Hayes, international president of the International Association of Machinists, an organization affiliated with the Railway Labor Executive Association, wired me to the effect that 800,000 members, of his organization which represents the machinists, the machinists helpers and apprentices of every railway carrier of this country, after due study and consideration, wholeheartedly supports the enactment of this legislation.

Mr. BENNETT of Michigan. There are only 45,000 persons who belong to that union who are railroad workers, so the 800,000 figure is certainly misleading.

Mr. LATHAM. As I indicated, Mr. Speaker, there is some slight controversy in regard to this measure. I therefore suggest we adopt the rule speedily and get on to the merits of the bill.

Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. WAINWRIGHT].

Mr. WAINWRIGHT. Mr. Speaker, I would like to associate myself with my colleague, the gentleman from New York [Mr. LATHAM], in urging the adoption of House Resolution 336. I would also like to state at this time that I am delighted to support my colleague, the gentleman from Pennsylvania [Mr. VAN ZANDT], in support of H. R. 356.

Mr. LATHAM. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, I believe that the enactment of this amendment is good legislation, and is in the best interests of railroad employees generally.

As you will recall, a pensioner who retires under the provisions of the Railroad Retirement Act at the present time cannot receive any benefits under the Social Security Act, even though he may have worked the required number of quarters to become a pensioner under the Social Security Act. In my opinion this is highly discriminatory against railroad workers generally.

Under the Civil Service Retirement Act any pensioner is entitled to draw his civil service retirement pay and in addition may become regularly employed if he so wishes and receive old-age benefits under the Social Security Act. The same is true in almost every other pension system of the Federal Government. This is true of the Foreign Service retirement system and of the retirement systems for the employees of the Federal Reserve System and the Tennessee Valley Authority. In addition, every pensioner under State retirement systems is entitled after he has retired to work at other gainful employment and in addition to receive social security benefits, if he so qualifies. Individuals who retire from the Army, Air Force, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service, or from the Federal judiciary receive the full pension to which they are entitled without any reduction

83d CONGRESS
1ST SESSION

H. R. 6342

IN THE SENATE OF THE UNITED STATES

JULY 25 (legislative day, JULY 6), 1953

Read twice and referred to the Committee on Public Works

AN ACT

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—GENERAL SERVICES

4 ADMINISTRATION

5 SEC. 101. The Public Buildings Act of 1949 is amended
6 by (1) redesignating section 411 thereof as section 412,

1 and (2) inserting, immediately after section 410 thereof,
2 the following new section:

3 “SEC. 411. (a) Whenever the Administrator of General
4 Services determines that (1) the needs for space for the
5 permanent activities of the Federal Government in any par-
6 ticular area cannot be satisfied by utilization of any existing
7 property suitable for the purpose then owned by the Govern-
8 ment, and (2) the best interests of the United States will
9 be served by taking action hereunder, he is hereby author-
10 ized to obtain and provide space for the accommodation of
11 activities of the Government in the several States, the Dis-
12 trict of Columbia, and the Territories and possessions of the
13 United States (including Guam), except for the accommoda-
14 tion of activities of the Post Office Department, by negotiat-
15 ing and entering into purchase contracts, the terms of which
16 shall not be less than ten nor more than twenty-five years
17 and which shall provide in each case that title to the property
18 shall vest in the United States at or before the expiration of
19 the contract term and upon fulfillment of the terms and con-
20 ditions stipulated in each of such purchase contracts. Such
21 terms and conditions shall include provision for the applica-
22 tion to the purchase price agreed upon therein of installment
23 payments made thereunder including provision for the ex-
24 change of surplus real property or real property which may
25 become surplus as a result of such agreement, where the

1 Administrator determines that the best interests of the Gov-
2 ernment in economy and efficiency of operation will be
3 served.

4 “(b) The Administrator of General Services is author-
5 ized to exercise the powers granted in this section with
6 respect to existing properties, including those for which con-
7 versions, additions, extensions, or remodeling may be re-
8 quired, and properties upon which construction is to be
9 subsequently effected in pursuance of the terms of applicable
10 purchase contracts.

11 “(c) The Administrator of General Services is author-
12 ized to enter into agreements with any person, copartnership,
13 corporation, or other public or private entity, to effectuate
14 any of the purposes of this section; and is further authorized
15 to bring about the development and improvement of any land
16 owned by the United States and under the control of the
17 General Services Administration including the demolition of
18 obsolete and outmoded structures situated thereon, by provid-
19 ing for the construction thereon by others of such structures and
20 facilities as shall be the subject of the applicable purchase
21 contracts.

22 “(d) Each such purchase contract shall include such
23 provisions as the Administrator of General Services, in his
24 discretion, shall deem to be in the best interests of the United
25 States and appropriate to secure the performance of the

1 obligations imposed upon the party or parties that shall enter
2 into such agreement with the United States: *Provided*, That
3 no such agreement may provide for the payment by the
4 United States in pursuance of the terms thereof of moneys
5 in an aggregate annual amount in excess of 15 per centum
6 of the appraised fair market value of the property at the date
7 of the purchase contract, or in the case of property where
8 construction shall not have been completed at that date in
9 excess of 15 per centum of the fair market value at the date
10 of completion of such construction.

11 “(e) No proposed purchase contract agreement calling
12 for the expenditure of more than \$50,000 per annum shall
13 be executed under this section unless it has been submitted,
14 thirty days prior to its effective date, to the President of the
15 Senate and to the Speaker of the House of Representatives
16 for appropriate reference to committees.

17 “(f) Funds now or hereafter available for the payment
18 of rent and related charges for premises, whether appro-
19 priated directly to the General Services Administration or to
20 any other agency of the Government and received by said
21 Administration for such purpose, may be utilized by the
22 Administrator of General Services to make payments becom-
23 ing due from time to time from the United States as current
24 charges in connection with agreements entered into under
25 authority of this section: *Provided*, That no such funds may

1 be expended for acquisition of title to the property covered
2 by any such agreement prior to the expiration of the contract
3 term specified therein (whether by exercise of option to pur-
4 chase or otherwise) in the absence of specific appropriation
5 of funds for such acquisition, which appropriations are
6 hereby authorized: *Provided further*, That the value of any
7 Government real property to be exchanged under any such
8 agreement may be credited at the time of exchange to the
9 payments to be made by the United States thereunder: *Pro-*
10 *vided further*, That Government real property to be ex-
11 changed may be credited in whole or in part to the purchase
12 price of the property for which it is exchanged, except that
13 where the amount of the credit for the real property to be ex-
14 changed exceeds the amount of the purchase price, the
15 amount of the remaining proceeds shall, except as provided
16 in section 205 of the Post Office Department Property Act
17 of 1953, be covered into the miscellaneous receipts of the
18 Treasury of the United States.

19 “(g) When requested by the Postmaster General, the
20 Administrator of General Services is hereby authorized to
21 exercise the authority vested in him by this section (1) to
22 acquire property for postal purposes, or (2) to provide space
23 for postal purposes in buildings acquired under this section
24 for other purposes.

25 “(h) With respect to any interest in real property

1 acquired under the provisions of this section, the same shall
2 be subject to State and local taxes until title to the same shall
3 pass to the Government of the United States.

4 “(i) If any provision of this section or the application
5 thereof to any person or circumstance is held invalid, the
6 remainder of this section and the application thereof to other
7 persons or circumstances shall not be affected thereby.

8 “(j) (1) Section 302 (c) of the Federal Property and
9 Administrative Services Act of 1949 and section 355 of the
10 Revised Statutes, as amended (50 U. S. C. 175), shall
11 apply to purchase contract agreements entered into under this
12 section, except that any such agreement may be entered into
13 and placed in effect after request for but prior to receipt
14 of an opinion of the Attorney General with respect to the
15 validity of title to the property described therein.

16 “(2) Except as provided by paragraph (1) of this
17 subsection, sections 3733, 3734, and 3736 of the Revised
18 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
19 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
20 40 U. S. C. 34) ; section 3 of the Act of August 27, 1935,
21 as amended (60 Stat. 257; 40 U. S. C. 304c) ; section 407
22 of this Act; and any other provision of law (except appli-
23 cable labor standards provisions) relating to the acquisition of
24 real property, construction of buildings, or leasing of space,

1 shall not apply to purchase contract agreements executed
2 under this section.”

3 SEC. 102. It is not the intention of the Congress that
4 the program authorized by this title shall constitute a sub-
5 stitute for or a replacement of any program for the con-
6 struction by the United States of such structures as may be
7 required from time to time by the Federal Government.

8 SEC. 103. This title may be cited as the “Public Build-
9 ings Purchase Contract Act of 1953”.

10 TITLE II—POST OFFICE DEPARTMENT

11 SEC. 201. It is the purpose of this title to supplement
12 existing provisions of law for the leasing of space for postal
13 purposes by providing authorization for the acquisition by
14 the Postmaster General of such space through the execu-
15 tion of lease-purchase and other agreements under which the
16 United States will obtain immediate use of such space and
17 will make periodic payments, and in the case of lease-
18 purchase agreements will obtain title to the property de-
19 scribed therein at or prior to the end of the term prescribed
20 therein. It is not the intention of the Congress that the
21 program authorized by section 202 of this title shall con-
22 stitute a substitute for or a replacement of any program for
23 the construction by the United States of such structures as
24 may be required from time to time by the postal service.

1 SEC. 202. (a) Whenever the Postmaster General de-
2 termines that (1) there is a substantial need for space for
3 postal purposes in any particular area which cannot be satis-
4 fied by utilization of any existing property suitable for the
5 purpose then owned by the Government, (2) the receipts of
6 the post office serving such area exceed \$10,000 per year,
7 and (3) the best interests of the United States will be served
8 by taking action hereunder, he is hereby authorized to ob-
9 tain and provide space for postal purposes in suitable struc-
10 tures of permanent-type construction in the several States,
11 the District of Columbia, and the Territories and possessions
12 of the United States (including Guam), by negotiating and
13 entering into lease-purchase agreements, the terms of which
14 shall not be less than ten nor more than twenty-five years
15 and which shall provide in each case that title to the property
16 shall vest in the United States at or before the expiration of
17 the leasehold term and upon fulfillment of the terms and con-
18 ditions stipulated in each of such lease-purchase agreements.
19 Such terms and conditions shall include provision for the ap-
20 plication to the purchase price agreed upon therein of rental
21 payments made thereunder. Such payments under any such
22 agreement may include amounts for the amortization of the
23 fair market value on the date of such agreement of the prop-
24 erty described therein. The financial transactions of the
25 Post Office Department with respect to such lease-purchase

1 agreements shall be subject to the accounting and auditing
2 requirements of the Post Office Department Financial Control
3 Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first
4 Congress, second session).

5 (b) The Postmaster General is authorized to exercise
6 the powers granted in this section with respect to existing
7 properties, including those for which conversions, additions,
8 extensions, or remodeling may be required, and properties
9 upon which construction is to be subsequently effected in
10 pursuance of the terms of applicable lease-purchase agree-
11 ments.

12 (c) The Postmaster General is authorized to enter into
13 agreements, with any person, copartnership, corporation, or
14 other public or private entity, to effectuate any of the
15 purposes of this section; and is further authorized to bring
16 about the development and improvement of any land pur-
17 chased by the United States for postal purposes, including
18 the demolition of obsolete and outmoded structures situate
19 thereon, by providing for the construction thereon by others
20 of such structures and facilities as shall be the subject of
21 the applicable lease-purchase agreement.

22 (d) Each such lease-purchase agreement shall include
23 such provisions as the Postmaster General, in his discretion,
24 shall deem to be in the best interest of the United States
25 and appropriate to secure the performance of the obligations

1 imposed upon the party or parties that shall enter into such
2 agreement with the United States.

3 (e) Funds available to the Post Office Department
4 for the payment of rents are authorized to be utilized
5 by the Postmaster General to make any payments becom-
6 ing due from time to time from the United States in
7 pursuance of lease-purchase agreements entered into under
8 the authority of this title: *Provided*, That no such funds
9 may be expended for acquisition of title to the property
10 covered by any lease-purchase agreement prior to the ex-
11 piration of the leasehold term specified therein (whether
12 by exercise of option to purchase or otherwise) in the absence
13 of specific appropriation of funds for such acquisition, which
14 appropriations are hereby authorized.

15 SEC. 203. (a) Notwithstanding any other provision of
16 law, the Postmaster General is authorized to—

17 (1) negotiate and enter into lease agreements with
18 any person, copartnership, corporation, or other public
19 or private entity, on such terms as the Postmaster Gen-
20 eral deems to be in the best interests of the United
21 States, for the erection by such lessor of such buildings
22 and improvements for postal purposes as the Postmaster
23 General deems appropriate, on lands sold, leased, or
24 otherwise disposed of by the Postmaster General to, or

1 otherwise acquired by, such person, copartnership, cor-
2 poration, or public or private entity;

3 (2) for the purposes of paragraph (1) of this sec-
4 tion, and without regard to the Federal Property and
5 Administrative Services Act of 1949 (Act of June 30,
6 1949, ch. 288, Eighty-first Congress, first session), as
7 amended—

8 (A) acquire by purchase, condemnation, lease,
9 donation, or otherwise, and on such terms as he
10 shall deem appropriate to the best interests of the
11 United States, real property and interests therein,
12 for use for postal purposes; and

13 (B) dispose of real property, and interests
14 therein, acquired for use or used for postal pur-
15 poses by sale, lease, or otherwise, on such terms
16 as he shall deem appropriate to the best interests
17 of the United States.

18 (b) Funds available to the Post Office Department
19 for the payment of rents are authorized to be utilized by
20 the Postmaster General for the purposes of this section.

21 SEC. 204. The Postmaster General may, at the time he
22 enters into any lease-purchase or lease agreement under
23 authority of this title, include in such agreement a provision
24 for adjustment of the rental paid to any lessor to compen-

1 sate for any increase or decrease in taxes on the leased
2 property.

3 SEC. 205. Amounts received by the Government from
4 sales, leases, or other disposals of property acquired in the
5 performance by the Postmaster General of the functions
6 vested in him by this title shall be credited to the current
7 applicable appropriation of the Post Office Department
8 and shall be available for expenditure for the purposes of
9 this title.

10 SEC. 206. The Postmaster General shall take title, on
11 behalf of the United States, to all real property purchased
12 by him under authority of this title.

13 SEC. 207. (a) Section 355 of the Revised Statutes, as
14 amended (50 U. S. C. 175), shall apply to the acquisition
15 in fee simple of real property under this title, except that
16 any lease-purchase agreement to acquire real property under
17 this title may be entered into and placed in effect after
18 request for but prior to receipt of an opinion of the Attor-
19 ney General with respect to the validity of title to the real
20 property described therein.

21 (b) Section 3709 of the Revised Statutes, as amended
22 (41 U. S. C. 5), shall apply (1) to the acquisition of real
23 property by lease-purchase agreements, under authority of
24 section 202 of this title, and (2) to the lease agreements

1 entered into under authority of paragraph (1) of section
2 203 (a) of this title.

3 (c) Except as provided by subsections (a) and (b) of
4 this section, sections 3733, 3734, and 3736 of the Revised
5 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
6 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
7 40 U. S. C. 34) ; and any other provision of law (except
8 applicable labor standards provisions) relating to the acqui-
9 sition or disposal of real property, construction of buildings, or
10 leasing of space, shall not apply to any of the functions
11 performed by the Postmaster General in effectuating the
12 purposes of this title.

13 SEC. 208. No agreement shall be entered into under this
14 title later than a date ten years after the date of enactment
15 of this title.

16 SEC. 209. The Postmaster General shall include in his
17 annual report an account of transactions conducted during
18 the applicable year pursuant to the provisions of this title.

19 SEC. 210. This title may be cited as the "Post Office
20 Department Property Act of 1953".

Passed the House of Representatives July 24, 1953.

Attest:

LYLE O. SNADER,

Clerk.

AN ACT

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

JULY 25 (legislative day, JULY 6), 1953

Read twice and referred to the Committee on
Public Works

Supreme Court to make and publish rules for procedure on review of decisions of Tax Court;

Without amendment—S. J. Res. 53, proposing an amendment to the Constitution granting the right to vote to citizens who have attained the age of 18;

The nominations of Don N. Laramore, of Indiana, to be judge of the U. S. Court of Claims, Robert Tieken to be U. S. attorney for northern district of Illinois, and Thomas Ramage Ethridge to be U. S. attorney for Northern district of Mississippi;

An interim report of the Subcommittee on Juvenile Delinquency; and

Twelve private immigration bills (S. 447, 628, 803, 891, 1362, 1808, 1850, 2198, 2411, 2438; H. R. 1148, and 4056).

Committee indefinitely postponed further action on S. 43, prohibiting U. S. officers and employees from accepting payments for retention in employment, and 33 private immigration bills (S. 72, 284, 348, 392, 402,

434, 514, 515, 553, 566, 744, 745, 772, 791, 792, 802, 817, 843, 858, 936, 949, 968, 980, 986, 988, 995, 996, 1047, 1101, 1121, 1136, 1167, and 1219).

TAFT-HARTLEY AMENDMENTS

Committee on Labor and Public Welfare: Committee continued, in executive session, its consideration of S. 2650, to amend the Labor-Management Relations Act of 1947, but did not complete its work and will continue its consideration tomorrow.

GOVERNMENT BUILDING CONTRACTS

Committee on Public Works: Committee, in executive session, ordered favorably reported with amendments H. R. 6342, to authorize GSA to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts, and to extend the authority of the Postmaster General to lease quarters for post-office purposes.

House of Representatives

Chamber Action

Bills Introduced: 24 public bills, H. R. 8377-8400; 14 private bills, H. R. 8401-8414; and 4 resolutions, H. J. Res. 467-469, and H. Con. Res. 213, were introduced.

Pages 3098-3099

Bills Reported: Reports were filed as follows:

H. R. 7061, to prescribe and regulate the procedure for adoption in the District of Columbia, amended (H. Rept. 1347); and

H. R. 7062, to amend the act of April 22, 1944, which regulates the placement of children in family homes in the District of Columbia, amended (H. Rept. 1348).

Page 3098

Private Bills: H. R. 752 and 2214, both private bills, were cleared for Presidential action by House concurrence in Senate amendments thereto.

Page 3054

Consent Calendar: On the call of the Consent Calendar the following bills were passed:

Cleared for the President:

Washington land: S. 1827, to quiet title and possession with respect to certain real property in Washington.

Flag display: S. 2111, to permit the flying of the U. S. flag for 24 hours each day in Flag House Square, Baltimore, Md.

Red-cedar shingles: S. 2348, to repeal the act authorizing the Director of the Census to collect and publish statistics of red-cedar shingles.

Connecticut lands: S. 2408 (in lieu of H. R. 8045), directing the Secretary of the Army to convey certain land located in Windsor Locks, Conn., to the State of Connecticut.

Sent to the Senate without amendment:

Alabama-Florida agreement: H. J. Res. 347, granting the consent of Congress to an agreement between the State of Alabama and the State of Florida establishing a boundary between such States.

Missouri Basin reclamation: H. R. 4721, to provide that the excess-land provisions of the Federal reclamation laws shall not apply to lands in the Owl Creek unit of the Missouri Basin project.

Patents: H. R. 6280, to extend temporarily the rights of priority of nationals of Japan and certain nationals of Germany with respect to applications for patents.

Land transfer: H. R. 7057, to authorize transfer, exchange, and disposition of land in the Eden project, Wyoming.

World peace: H. R. 7786, to honor veterans on the 11th day of November of each year, a day dedicated to world peace.

Immigration: H. R. 8092, to facilitate the entry of Philippine traders.

Refugee Relief Act: H. R. 8193, to amend the Refugee Relief Act of 1953.

Sent to the Senate, amended:

Prayer for deliverance: S. Con. Res. 63, requesting American churches and synagogues to devote portions of their services on April 18 (Easter and Passover) to special prayer for deliverance of those behind the Iron Curtain.

Mammoth Cave National Park: S. 79, relating to non-Federal cave properties within the authorized boundaries of Mammoth Cave National Park in Kentucky.

Puerto Rican lands: S. 1548, providing for exchange of certain lands in Puerto Rico.

Fort Union National Monument: H. R. 1005, to authorize the establishment of the Fort Union National Monument, N. Mex.

Tax Court decisions: H. R. 1067, authorizing the U. S. Supreme Court to make and publish rules for procedure on review of decisions of the Tax Court of the United States.

Indians: H. R. 2974, to add to the revised roll of the Indians of California certain Indians who made application for enrollment within the time fixed by law.

Indians: H. R. 4481, to authorize enrolled members of the Gros Ventre and Assiniboine Tribes of the Fort Belknap Reservation, Mont., to acquire interests in tribal lands of the reservation.

Indians: H. R. 6154, to authorize payment of salaries and expenses of the Fort Peck Tribe.

H. R. 6353, to provide a national defense reserve of tankers and to promote the construction of new tankers, was recommitted to the Committee on Merchant Marine and Fisheries, pursuant to a unanimous-consent request.

Pages 3054-3061

Army Civil Functions: Concluded all general debate on, and read the first paragraph of, H. R. 8367, making appropriations for civil functions administered by the Department of the Army for the fiscal year 1955, before deferring, until Tuesday, further consideration of the bill.

Pages 3062-3083

Program for Tuesday: Adjourned at 6:10 p. m. until Tuesday, March 16, at 12 o'clock noon, when the Private Calendar will be called and H. R. 8367, the Army civil functions appropriation bill for 1955, will be further considered under the 5-minute rule.

Committee Meetings

AGRICULTURAL FOREIGN SERVICE

Committee on Agriculture: Announced that open hearings will be conducted on Monday, March 22, to receive testimony from representatives of farm organizations on miscellaneous agricultural foreign service bills.

HOUSING

Committee on Banking and Currency: Resumed public hearings on H. R. 7839, a bill to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities. The following witnesses discussed the proposed redevelopment program, who presented suggestions and revisions to pertinent sections of the bill—R. G. Hughes, president of the National Association of Home Builders; Rt. Rev. Msgr. John O'Grady, secretary of the National Catholic Welfare Conference; William J. Levitt, builder of Levittown, N. Y. and Pa.; Charles Wellman, of the Glendale (Calif.) Federal Savings & Loan Association; and Warren Campbell, director of the Washington office, the Cooperative League of the USA. Recessed until tomorrow morning

when representatives of veterans' groups are scheduled to testify on the legislation.

WAR CLAIMS

Committee on Interstate and Foreign Commerce: Received testimony today in connection with two bills (H. R. 6896 and 5692) which would extend the time for filing war claims by prisoners of war. Representatives Hinshaw, of California, and Dempsey, of New Mexico, respective authors of the bills, were the first to testify, followed by Representative Camp, of Georgia, and Whitney Gilliland, Chairman of the War Claims Commission. Statements for the record were inserted, in lieu of testimony, by two representatives of the American Legion, Charles W. Stevens and C. H. Olson. Recessed until tomorrow morning for executive consideration of these and other bills, following which open hearings will be conducted to hear officials of the Association of American Railroads, who will testify on H. R. 7840, the railroad retirement bill.

AGENDA

Committee on Interstate and Foreign Commerce: Members of Congress presented their views today on bills they have introduced during the 83d Congress which are presently pending before this committee.

TRUSTS AND SECURITIES

Committee on Interstate and Foreign Commerce: Announced that public hearing would be conducted Friday morning, March 19, on H. R. 7550 and S. 2846, amending provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, and the Investment Company Act of 1940.

COPYRIGHTS

Committee on the Judiciary: Subcommittee No. 3 received testimony today from the following witnesses regarding H. R. 6616 and 6670, bills to amend title 17 of the U. S. Code, entitled "Copyrights"—Thorsten V. Kalijarvi, Acting Assistant Secretary of State for Economic Affairs, State Department; Carl F. Oechsle, Deputy Assistant Secretary for Domestic Affairs, Department of Commerce; Sydney M. Kaye, member of United States delegation to the Universal Copyright Convention; and George E. Frost, representing Chicago Bar Association and Chicago Patent Law Association. Hearings will be resumed on Wednesday afternoon.

IMMIGRATION

Committee on the Judiciary: Subcommittee No. 1 ordered reported to the full committee 27 private immigration bills (23 of the House and 4 of the Senate); and reported adversely on 18 private immigration bills of the House. Also reported favorably on S. Con. Res. 60, amended, and S. Con. Res. 61, measures favoring the suspension of deportation of certain aliens.

AMENDING THE PUBLIC BUILDINGS ACT OF 1949 TO
PROVIDE FOR ACQUISITION AND CONSTRUCTION OF
PUBLIC BUILDINGS BY LEASE-PURCHASE CONTRACTS

MARCH 19 (legislative day, MARCH 1), 1954.—Ordered to be printed

Mr. MARTIN (for Mr. KUCHEL), from the Committee on Public Works, submitted the following

REPORT

[To accompany H. R. 6342]

The Committee on Public Works, to whom was referred the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, having considered the same, report favorably thereon, with amendments, and recommend that the bill, as amended, do pass.

The amendments are indicated in the bill as reported by linetype and italics.

PURPOSE OF THE BILL

The bill, as amended, would provide for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and for term-lease agreements for the accommodation of activities of the Federal Government. This legislation would make possible the construction of post offices and other Federal buildings for which there has been an urgent need for some years past. A number of individual bills have been introduced and are now pending in Congress. Many of the buildings proposed in those bills could be provided under this legislation.

Public buildings construction, for a number of years, has been virtually at a standstill. Government activities during the past decade have expanded greatly. The Federal Government, as a result, is handicapped with highly inadequate facilities to carry on its complex duties in an efficient and businesslike manner.

In the past, the Federal Government has either carried out its own building construction, or has rented space from private individuals. This has resulted in the Government's renting, in many cases, the same buildings for periods as long as 40 to 50 years. The legislation under consideration would alleviate this situation by allowing the Government to enter into contracts with private parties for provision of buildings designed for Government use, with eventual ownership vesting in the Government. This bill would also give the Postmaster General the authority to negotiate term-lease agreements under better terms than the law now permits.

While the Public Buildings Act of 1949 authorized a program for site acquisition and for the design of Federal building projects, no authorization for actual construction of public buildings was given. Sites acquired, and plans and specifications prepared as a result of the Public Buildings Act of 1949 could be utilized under the provisions of this bill.

Hearings were conducted by the committee on S. 2041 and H. R. 6342, and representations made by the General Services Administration and the Post Office Department indicate their approval of the major objectives of the legislation.

The bill includes a statement of the intent of Congress that this legislation is not to constitute a substitute for or a replacement of any program for the construction of Federal Government buildings by the United States. It should be made clear that there are generally three methods available for providing space for the permanent activities of the Federal Government. These are (1) by direct construction with appropriated funds, (2) by lease-purchase contracts with annual payments applied to the amortization of the initial cost over a period of years at the end of which title to the property would pass to the United States, and (3) by straight annual or term leasing under which no capital equity would accrue to the Government. Of these three methods, the overall cost of the first would be the lowest, the second would be next lowest in cost, and the third would be the most costly method.

The least costly method, direct construction, has been almost entirely suspended for nearly 15 years, at first because of the advent of World War II, and then later because of other increased demands upon the Federal budget. During that period the need for space for permanent activities of the Government has steadily increased with the result that those space needs could only be met by the most costly method, straight leasing.

The committee feels that no reliable forecast can be made of the time when budgetary considerations would permit the appropriation of the huge sums required to meet these space needs by direct construction. It believes, therefore, that any intermediate method that will reduce the use of the most costly straight leasing method will result in substantial overall savings. It has come to the conclusion that the lease-purchase contract method would provide such overall savings, and should be adopted as a supplementary means of meeting the more urgent permanent space requirements to be used when the direct-construction method is not possible of attainment due to budgetary conditions.

PURPOSE OF TITLE I

Title I has been drafted as an amendment to the Public Buildings Act of 1949 since it constitutes a supplementary means of providing Federal public buildings to be utilized in lieu of direct construction whenever conditions warrant. This title deals with buildings under the control of the General Services Administration. These are buildings used for most civilian Government activities other than buildings used exclusively or predominantly for postal purposes. They include Federal courthouses, customhouses, warehouses, and general-purpose buildings. Some of the combination buildings also include postal facilities as a nonpredominant occupant. Buildings used predominantly or exclusively for postal purposes are under the control of the Postmaster General and are covered under title II of this bill. Buildings on military and naval reservations, and veterans' hospitals are controlled by their respective agencies and are not covered under this legislation.

The General Services Administrator would make use of this legislation when (1) there is no suitable Government-owned space available, (2) there is no prospect of direct Federal construction within a reasonable period of time, and (3) the permanency of Government occupancy is such that the accumulation of full equity in the property by annual payments over a stated number of years would result in a lower net cost of providing space for the expected period of occupancy than would be possible under a straight rental for the same period. If these conditions are met, the Administrator could then contract for building space in much the same way as the average new homeowner acquires his home. At the end of the contract period, the Government would take title to the property and would have full and clear equity instead of an accumulation of rent receipts.

The properties acquired under lease-purchase contracts will continue to be subject to State and local taxes until the United States takes title at the end of the contract period.

The Administrator could also use this legislation with considerable advantage to the United States by exchanging unsuitable buildings acquired as a makeshift measure under wartime demands, for new buildings properly designed for Government use. One example is a large building originally designed and built as a hotel. It was acquired during the war and has since been used for office space. It is not suitable for that purpose. The demand for hotel facilities has greatly increased in that area, and this building now has high value for reconversion to hotel purposes for which it was designed. It is expected that a favorable exchange can be worked out whereby the Government can obtain suitable space properly designed for its own use at little cost over the value of the former hotel building.

The Administrator has assured the committee that this legislation will not be utilized to carry out a large building program. The test for its use will be the overall benefit to the United States in each individual case, based upon considerations of urgency of need, budgetary conditions, and relative costs of alternative means of providing the necessary space.

In all past programs for the construction or acquisition of Federal buildings, the Congress has historically provided the necessary authorizations on a specific basis within definite monetary limitations.

The committee feels that the Congress should continue to maintain a reasonable degree of control over future programs. It recognizes, however, that the lease-purchase method of acquisition presents certain problems in attempting to maintain the same type of control. It has therefore written in language that would free any proposed contract requiring an annual payment of not more than \$20,000 from any direct legislative control, but would require that with respect to larger contracts the Administrator shall come into agreement with the Committee on Public Works of the Senate and of the House of Representatives before the contracts are executed. This is the same as the procedure now required by law for acquisition of property by the Defense Department, and its original adoption by Congress dates back to 1944.

PURPOSE OF TITLE II

Title II provides authorizations similar to those in title I, but they are applicable to buildings used exclusively or predominantly for postal purposes which are under the control of the Postmaster General. The test for use of the authorization would be the same as for title I, namely, the overall benefit to the United States in each individual case, based upon considerations of urgency of need, budgetary conditions, and relative costs of alternative means of providing the necessary space.

Likewise, in keeping with historical precedents in maintaining control in Congress for all Federal building programs, the committee has inserted a provision in title II, the same as in title I, which would require the Postmaster General to come into agreement with the Committee on Public Works of the Senate and of the House of Representatives before any contract is executed calling for an annual payment in excess of \$20,000. Contracts requiring an annual payment of not more than \$20,000 would be free from any direct legislative control. Translated into terms of initial construction cost, an annual payment of \$20,000 would mean a building with a construction cost of about \$200,000. Based upon average costs, it is probable that most of the typical small city or town post offices would not exceed \$200,000.

Certain provisions of the bill as referred to the committee were so broad in scope that it would be possible for the Postmaster General to enter into lease-purchase agreements under which any or all of the more than 3,100 Government-owned post-office buildings now in use could be demolished and replaced with new buildings. As it was agreed that the Postmaster General did not seek nor desire such unlimited authority, the committee has recommended amendments in section 202 which would make clear that this authority cannot be applied to any Government-owned property acquired prior to this act on which a building has been constructed and is now in use for postal purposes.

Section 203 deals with straight-term leasing. It is an extension of the present leasing authority of the Postmaster General which will permit greater efficiency and economy under the conditions for which its use is proposed. It will authorize the Postmaster General to enter into lease agreements for the erection of postal buildings and related facilities upon lands which may be acquired by the Postmaster General and conveyed to the lessor for this purpose. It would apply largely

to special purpose, postal handling facilities. It will be used in cases where relatively long-term occupancy is contemplated but where permanent indefinite occupancy cannot be counted upon. Under such conditions, a lease-purchase contract with ultimate Government ownership probably would not be warranted, but suitable arrangements can be made with prospective lessors for the construction of these special-purpose facilities on lands selected as best located for the particular purpose under consideration. A typical example might be a building for handling parcel-post packages which must be located on a suitable site with railroad connections.

This section authorizes the Postmaster General to acquire such suitable sites and convey them to the prospective lessors in order that the acquisition can be carried out in such a way as to avoid the possibility of speculation by those who might attempt to take commitments on the best sites in the expectation of demanding excessive prices from the United States. It is believed that the Postmaster General can secure more efficient returns from his rental expenditures for special-purpose facilities in cases where present facilities are inadequate or obsolete.

The bill originally contained no limit on the length of the lease periods which could be executed under this authorization. The committee has set a limit of 30 years for such lease periods since it feels that if any longer term is contemplated, a lease-purchase contract under the provisions of section 202 would be preferable. The committee has also amended the section to make certain that the post-office sites acquired pursuant to section 101 of the Public Buildings Act of 1949 as well as the existing Government-owned post offices now in use for postal purposes cannot be disposed of for the purposes of making lease agreements.

The committee has also amended section 205 so that, when any funds received from the sale, lease or disposal of property under the provisions of this title are available to be credited to current Post Office Department appropriations, any excess of the amount to be credited over the amount paid for the property shall be covered into the Treasury as miscellaneous receipts. Also, if any property acquired pursuant to the Public Building Acts of 1926 and 1949 should be transferred to the Postmaster General and subsequently sold or disposed of, any amounts received from such disposal shall be covered into the Treasury as miscellaneous receipts.

It may be noted that the authority to enter into agreements under this title, both for lease-purchase contracts and term leases, will expire 10 years from the date of enactment of this title.

ANALYSIS OF THE BILL

TITLE I

Section 101 amends the Public Buildings Act of 1949 by adding a new title to be cited as the "Public Buildings Purchase Contract Act of 1954."

Subsection (a) of the proposed new section of the Public Buildings Act of 1949 would authorize the Administrator of General Services to obtain and provide space for the accommodation of the permanent activities of the Government in the several States, the District of

Columbia, and the Territories and possessions of the United States (including Guam), except for the accommodation of activities of the Post Office Department, by negotiating and entering into purchase contracts. The terms of these contracts are to be not less than 10 or more than 25 years, and in each case they would provide that title to the property shall vest in the United States upon the fulfillment of the terms and conditions set forth in the purchase contract. The objective is to permit the Federal Government to purchase buildings or construct buildings for governmental use and apply the annual payments against the purchase price. The aggregate rent payments made by the Government would cover not only the cost of the property acquired, but during the term of the contract would also include payments for interest, taxes, and insurance.

It has been the practice of the Government, in municipalities where there are no federally owned quarters available, to rent space from private ownership and occupy leased premises for which it has paid considerable sums annually. These payments have been substantial and in some cases may have exceeded the fair market value of the property leased. To the knowledge of the committee, no procedure has been available in the past whereby title to such property would be transferred to the Government at the end of the lease period. Under the terms of H. R. 6342 the Government would be able to execute purchase contracts with private owners for real property occupied, or to be occupied, by the Government, and to apply funds appropriated for rent payments toward the ultimate purchase of the property.

The authority vested in the Administrator of General Services in the proposed legislation could be exercised only when existing property owned by the Government is not available or suitable for the purpose desired.

It is the sense of the committee that a project which meets the eligibility requirements as to geographical allocation and distribution of buildings set forth in section 102 of the Public Buildings Act of 1949 and is on the eligible list transmitted to the Congress pursuant to that act is a sufficient criterion to justify its consideration for construction under this program.

An important feature of H. R. 6342 is the authorization to the Administrator of General Services (contained in subsec. (b) of the proposed new section) to exercise the powers granted by the measure with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts. From time to time properties become available at reasonably low prices as they become surplus to the owners' use. Often these properties can be converted and remodeled so as to make satisfactory quarters for the Government. This is particularly true with respect to warehouses and semioffice buildings, and in cases where the business center of a city has shifted, and a considerable reduction in real-estate values occurs in the location of the former center.

Subsection (c) is also important in that it authorizes the Administrator to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration. From time to time properties have been purchased throughout the United States and are valuable and should

be improved. That end would be economically attained under the authorization proposed by this subsection.

Subsection (d) embodies a limitation to the effect that no purchase-contract agreement may provide for the payment by the United States of moneys in an aggregate annual amount in excess of 15 percent of the appraised fair market value of the property covered by the agreement. The committee believes this to be a proper limitation and one that will make financing much more attractive to interested investors. The committee recommends that the 15-percent limitation shall apply to the appraised fair market value, it being the understanding of the committee that the appraisals will be made by the General Services Administration and that its determinations of fair market value will be made in accordance with the general practices now prevailing with reference to the acquisition of public property.

Subsection (e) requires that no proposed purchase-contract agreement calling for the expenditure of more than \$20,000 per annum shall be executed unless the Administrator has come into agreement with the Committees on Public Works of the Senate and of the House of Representatives with respect to such purchase contract agreement.

Because of the broad authority vested in the executive agencies by this bill, the committee agreed that Congress should retain some measure of control over the program by the examination of purchase-contract agreements as set forth in subsection (e).

Subsection (f) would authorize payments becoming due from the Government as current charges in connection with purchase contracts to be made from appropriated funds available for the payment of rent and related charges for premises. It is provided, however, that no such funds may be expended for acquisition of title to the property covered by any such purchase contract prior to the expiration of the term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition. Such appropriations would be expressly authorized, subject to approval by the Appropriations Committees of the Congress.

This subsection would also permit the exchange of Government-owned real property for privately owned real property, when such exchange is deemed advisable in the public interest. It provides that Government real property so exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall be covered into the Treasury, except as provided in section 205 of title II of the bill.

Subsection (g) provides that when requested by the Postmaster General, the Administrator of General Services may acquire property for postal purposes or provide space for postal purposes in buildings acquired for other purposes.

Subsection (h) provides that properties involved would continue to be subject to State and local taxes during the period of the purchase contract agreements.

Subsection (i) provides that if any section, or the application thereof to any person or circumstance, is held invalid, the remainder of the section and application thereof to other persons or circumstances will not be affected thereby.

Subsection (j) is divided into paragraphs (1) and (2). Paragraph (1) would make section 302 (c) of the Federal Property and Administrative Services Act of 1949, which requires that all purchases and contracts for supplies and services shall be made by advertising except for certain specified classes and situations where negotiation without advertising is permissible, apply to purchase contracts executed under the authority of this proposed legislation.

This paragraph would also make applicable to such agreements section 355 of the Revised Statutes, requiring the written opinion of the Attorney General to be had in favor of validity of title to land proposed for purchase by the United States for purposes of construction in advance of expenditure of public money, but sets forth an exception to the effect that any purchase contract may be executed and placed in effect after request for, but prior to receipt of, an opinion of the Attorney General with respect to the validity of title to the property described therein.

The flexible and convenient mode of acquisition of space provided for in this bill could not be put into effect without the exceptions specified in paragraph (2) of subsection (j) from certain restrictions imposed by existing statutes, summarization of which follows:

Sections 3733 and 3734 of the Revised Statutes, as amended, provide that no money shall be paid nor contracts made for payment for any site for a public building or for the erection, repair, or furnishing of any public building in excess of the specific appropriation therefor. Section 3736 of the Revised Statutes is to the effect that there shall be no purchase of land for the United States without specific congressional authorization. Section 1 of the act of March 3, 1877, provides that no lease shall be made in the District of Columbia for the Government without an appropriation therefor. Section 3 of the act of August 27, 1935, as amended, and section 407 of the act of June 16, 1949, limited the procurement of space by lease by the Administrator of General Services for the housing of Federal agencies to periods not in excess of 5 years outside of the District of Columbia, and to periods not in excess of 1 year in the District of Columbia.

Paragraph (2) of subsection (j) concludes with a catchall exception from any other provision of law (other than applicable labor-standards provisions) relating to acquisition of real property, construction of buildings, or leasing of space, subject to the specific provisions of the proposed legislation.

Section 102 emphasizes that it is not the intent of the Congress that the program authorized by title I shall constitute a substitute for, or a replacement of, any program for the construction by the Government of such structures as may be required from time to time by the various agencies.

Section 103 provides that title I may be cited as the "Public Buildings Purchase Contract Act of 1954."

TITLE II

Section 201 recites the purpose of title II and reiterates for this title the intent of Congress, expressed in section 102, that this legislation is not a substitute for or replacement of a Federal construction program.

Section 202 authorizes the Postmaster General to acquire necessary space by lease-purchase agreements for postal purposes at post offices having receipts exceeding \$10,000 per year. These agreements will be entered into under substantially the same terms and conditions as those applicable to the purchase contracts which will be made by the Administrator of General Services under section 101, referred to above, with technical changes to adapt this authority to the special problems of the postal establishment. It will be noted, however, that (1) the Postmaster General's authority to enter into such lease-purchase agreements is limited to a period of 10 years after enactment of this title and does not include exchange of Government-owned real property, (2) an account of the Postmaster General's transactions under this title must be included in his annual report, and (3) such transactions of the Postmaster General are subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950.

Section 203 authorizes the Postmaster General, for a period of 10 years after enactment, to enter into term-lease agreements for the erection by any person, firm, or entity of buildings for postal purposes on lands acquired by such lessors from either the Postmaster General or other sources.

For the purposes of this section the Postmaster General is authorized to acquire real property for postal purposes by purchase, condemnation, lease, donation, or otherwise, and to dispose of such property by sale, lease, or otherwise. Funds available to the Post Office Department for payment of rents will be used to carry out the purposes of this section. This authority with respect to acquisition and disposal of real property for the purpose of entering into term-lease agreements is intended to enable the Postmaster General to eliminate speculation in options in connection with the negotiation of such term leases.

Section 204 authorizes the inclusion in any lease-purchase or term-lease agreement made under title II of provision for adjustment of rent to compensate for any increase or decrease in taxes on the leased property.

Section 205 authorizes receipts from property disposals under title II to be credited to applicable postal appropriations and expended therefrom for the purposes of this title.

Section 206 requires the Postmaster General to take title to real property acquired under title II in the name of the United States.

Section 207 (a) requires approval by the Attorney General of the title to property acquired by the Postmaster General, but permits lease-purchase agreements to be made prior to final approval of title. Subsection (b) of this section makes section 3709 of the Revised Statutes (requiring advertising for bids on public contracts) applicable to the lease purchase and term-lease agreements provided for in title II. Subsection (c) specifically excepts the functions to be performed by the Postmaster General under title II except as provided in subsections (a) and (b) and except for applicable labor standards provisions—from the various statutes which require specific authorization or appropriations by Congress for the acquisition or disposal of real property, construction of buildings, or leasing of space for the Government.

Section 208 restricts the authority of the Postmaster General to enter into lease-purchase agreements and term-lease agreements under title II to a period beginning with the date of enactment and ending 10 years thereafter.

Section 209 requires the Postmaster General to include in his annual report an account of transactions which he has conducted pursuant to title II during the year covered by such report.

Section 210 provides that title II may be cited as the "Post Office Department Property Act of 1953."

Reports of the Postmaster General and the General Services Administrator, favoring enactment of H. R. 6342, are set forth below:

POST OFFICE DEPARTMENT,
OFFICE OF THE POSTMASTER GENERAL,
Washington 25, D. C., July 17, 1953.

Hon. GEORGE A. DONDERO,
Chairman, Committee on Public Works,
House of Representatives.

DEAR MR. CHAIRMAN: Reference is made to your request for a report on H. R. 6342, a bill to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

The provisions contained in this measure are the result of extended study and discussion between representatives of the General Services Administration, General Accounting Office, Bureau of the Budget, and the Post Office Department. This measure has grown out of recommendations made from many viewpoints.

Title I of the bill relates to matters under the jurisdiction of the Administrator of General Services.

This title provides, in substance, for the acquisition of title to real property and the construction of public buildings by the Administrator of General Services by means of lease-purchase agreements for the accommodation of activities of the Federal Government, except accommodations for activities of the Post Office Department. This authority would be included in a new section 411 to be added to the Public Buildings Act of 1949 (approved June 16, 1949; 63 Stat. 176).

The exception with respect to accommodations for activities of the Post Office Department is necessary to leave the Postmaster General unhampered in the performance of the functions vested in him by title II of the bill. However, under the authority contained in subsection (g) of new section 411 of the Public Buildings Act of 1949, the Postmaster General is vested with authority to utilize the services of the Administrator of General Services in the procurement of property for postal purposes, when this would be in the best interests of the Government. Such authority, of course, is necessary to enable the Postmaster General to procure space for postal purposes in general purpose Federal buildings.

Title II of the bill relates to the Post Office Department.

The purpose and intent of this title is to authorize the Postmaster General to enter into two types of leaseholds (lease-purchase and term-lease agreements), not presently permissive, in the procurement of space to be used exclusively by the Post Office Department.

Historically, the Post Office Department has obtained its space needs through Government construction or by rental of privately owned space. With no Federal construction of postal space since 1941, the ever-expanding need for the several types of modern postal facilities has been met through renting or leasing from private ownership. With no appropriations for Government post-office construction apparent in the foreseeable future the necessity for leasing of postal facilities will continue and increase.

In the interest of better leasing and rental economy it is imperatively important that the Postmaster General be given every device, tool, and technique commonly in present use by private business whereby there may be negotiated the most advantageous leasehold for the United States Government.

The provisions contained in title II of this measure, which are the result of extended study and discussion between this Department and representatives of the General Services Administration, General Accounting Office, and the

Bureau of the Budget, will vest authority over the procurement of space to be used exclusively for postal purposes in the Post Office Department, the Department which is held responsible to the Congress for the efficient and economical operation of the mail service of the United States.

Under the terms of this title, this Department will be in a position to provide much-needed space and modern facilities either by lease-purchase agreements whereby the title to the property will vest in the United States at the end of the lease term, or, if more advantageous to the Government, to provide such space through term-lease agreements. This will enable the Department to take advantage of competitive open-market construction of buildings for postal purposes; take advantage of long-term amortization; take advantage of the use of private capital; and obtain control of the best sites available for the purpose desired and thus eliminate option speculation.

There is no conflict or inconsistency between the provisions of title I and title II. To the contrary, they present the complete authority necessary for a well-rounded procurement program. Title I will provide the Administrator of General Services with modern tools, and title II will provide the Postmaster General with modern tools. Both titles will eliminate duplication and conflict in operation and will provide flexibility for cooperation between the two departments.

It is not possible to estimate the savings that will result from the enactment of this measure. However, it is believed that the enactment of this measure will result in substantial savings to the Government.

This Department strongly favors this legislation and urges the early enactment of this measure.

The Bureau of the Budget has advised that it, the Bureau of the Budget, favors the enactment of this bill.

Sincerely yours,

ARTHUR E. SUMMERFIELD,
Postmaster General.

GENERAL SERVICES ADMINISTRATION,
Washington 25, D. C., July 17, 1953.

HON. GEORGE A. DONDERO,
*Chairman, Committee on Public Works,
House of Representatives, Washington 25, D. C.*

DEAR MR. DONDERO: Reference is made to your request of July 16, 1953, for an expression of the views of this Administration on H. R. 6342, to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

As you know, this Administration has urged the enactment of other bills containing similar provisions in this and previous sessions of the Congress, both in writing (e. g., letter to you of April 23, 1953, commenting on H. R. 3702) and by oral testimony of its representatives before committees which have had such legislation under consideration.

We have carefully reviewed H. R. 6342, which would incorporate in one bill provisions relating to the General Services Administration and the Post Office Department that have hitherto been the subject of separate legislative proposals, and strongly advocate its enactment in substantially its present form. The "single package" legislation is, in my opinion, most desirable, and the provisions of both titles are entirely satisfactory to this Administration with the one exception noted below.

Title I of the bill, relating to this Administration, is drafted as an amendment to the Public Buildings Act of 1949. It would seem preferable that this title, like title II relating to the Post Office Department, be enacted as independent legislation. While the exercise of the lease-purchase authority would result ultimately in the acquisition of title to buildings constructed by private enterprise, the method of providing such buildings is quite different from that contemplated in the 1949 and other public buildings acts, which authorized programs for acquisition of sites for buildings to be constructed by the Government. Furthermore, it is my belief that the proposal is of sufficient importance and has sufficient merit to warrant enactment in the form of independent statutory authority for this Administration as for the Post Office Department.

The Bureau of the Budget has informally advised that it favors the enactment of H. R. 6342 and has no objection to the submission of this report.

Sincerely yours,

RUSSELL FORBES,
Acting Administrator.

CHANGES IN EXISTING LAW

No change is made in existing law except for the redesignating of section 411 of the Public Buildings Act of 1949 as section 412. The language of this act is then inserted as a new section 411.



Calendar No. 1085

83^d CONGRESS
2^d SESSION

H. R. 6342

[Report No. 1084]

IN THE SENATE OF THE UNITED STATES

JULY 25 (legislative day, JULY 6), 1953

Read twice and referred to the Committee on Public Works

MARCH 19 (legislative day, MARCH 1), 1954

Reported by Mr. MARTIN for Mr. KUCHEL, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—GENERAL SERVICES

4 ADMINISTRATION

5 SEC. 101. The Public Buildings Act of 1949 is amended
6 by (1) redesignating section 411 thereof as section 412,
7 and (2) inserting, immediately after section 410 thereof,
8 the following new section:

1 “SEC. 411. (a) Whenever the Administrator of General
2 Services determines that (1) the needs for space for the
3 permanent activities of the Federal Government in any par-
4 ticular area cannot be satisfied by utilization of any existing
5 property suitable for the purpose then owned by the Govern-
6 ment, and (2) the best interests of the United States will
7 be served by taking action hereunder, he is hereby author-
8 ized to obtain and provide space for the accommodation of
9 activities of the Government in the several States, the Dis-
10 trict of Columbia, and the Territories and possessions of the
11 United States (including Guam) , except for the accommoda-
12 tion of activities of the Post Office Department, by negotiat-
13 ing and entering into purchase contracts, the terms of which
14 shall not be less than ten nor more than twenty-five years
15 and which shall provide in each case that title to the property
16 shall vest in the United States at or before the expiration of
17 the contract term and upon fulfillment of the terms and con-
18 ditions stipulated in each of such purchase contracts. Such
19 terms and conditions shall include provision for the applica-
20 tion to the purchase price agreed upon therein of installment
21 payments made thereunder including provision for the ex-
22 change of surplus real property or real property which may
23 become surplus as a result of such agreement, where the
24 Administrator determines that the best interests of the Gov-

1 ernment in economy and efficiency of operation will be
2 served.

3 “(b) The Administrator of General Services is author-
4 ized to exercise the powers granted in this section with
5 respect to existing properties, including those for which con-
6 versions, additions, extensions, or remodeling may be re-
7 quired, and properties upon which construction is to be
8 subsequently effected in pursuance of the terms of applicable
9 purchase contracts.

10 “(c) The Administrator of General Services is author-
11 ized to enter into agreements with any person, copartnership,
12 corporation, or other public or private entity, to effectuate
13 any of the purposes of this section; and is further authorized
14 to bring about the development and improvement of any land
15 owned by the United States and under the control of the
16 General Services Administration including the demolition of
17 obsolete and outmoded structures situated thereon, by provid-
18 ing for the construction thereon by others of such structures and
19 facilities as shall be the subject of the applicable purchase
20 contracts.

21 “(d) Each such purchase contract shall include such
22 provisions as the Administrator of General Services, in his
23 discretion, shall deem to be in the best interests of the United
24 States and appropriate to secure the performance of the

1 obligations imposed upon the party or parties that shall enter
2 into such agreement with the United States: *Provided*, That
3 no such agreement may provide for the payment by the
4 United States in pursuance of the terms thereof of moneys
5 in an aggregate annual amount in excess of 15 per centum
6 of the appraised fair market value of the property at the date
7 of the purchase contract, or in the case of property where
8 ~~construction~~ shall not have been completed at that date in
9 excess of 15 per centum of the fair market value at the date
10 of completion of such construction.

11 “(e) No proposed purchase contract agreement calling
12 for the expenditure of more than ~~\$50,000~~ \$20,000 per
13 annum shall be executed under this section unless it has been
14 submitted, thirty days prior to its effective date, to the
15 President of the Senate and to the Speaker of the House of
16 Representatives for appropriate reference to committees the
17 Administrator has come into agreement with the Committee
18 on Public Works of the Senate and of the House of Repre-
19 sentatives with respect to such purchase contract agreement.

20 “(f) Funds now or hereafter available for the payment
21 of rent and related charges for premises, whether appro-
22 priated directly to the General Services Administration or to
23 any other agency of the Government and received by said
24 Administration for such purpose, may be utilized by the
25 Administrator of General Services to make payments becom-

1 ing due from time to time from the United States as current
2 charges in connection with agreements entered into under
3 authority of this section: *Provided*, That no such funds may
4 be expended for acquisition of title to the property covered
5 by any such agreement prior to the expiration of the contract
6 term specified therein (whether by exercise of option to pur-
7 chase or otherwise) in the absence of specific appropriation
8 of funds for such acquisition, which appropriations are
9 hereby authorized: *Provided further*, That the value of any
10 Government real property to be exchanged under any such
11 agreement may be credited at the time of exchange to the
12 payments to be made by the United States thereunder: *Pro-*
13 *vided further*, That Government real property to be ex-
14 changed may be credited in whole or in part to the purchase
15 price of the property for which it is exchanged, except that
16 where the amount of the credit for the real property to be ex-
17 changed exceeds the amount of the purchase price, the
18 amount of the remaining proceeds shall, except as provided
19 in section 205 of the Post Office Department Property Act
20 of 1953, be covered into the miscellaneous receipts of the
21 Treasury of the United States.

22 “(g) When requested by the Postmaster General, the
23 Administrator of General Services is hereby authorized to
24 exercise the authority vested in him by this section (1) to
25 acquire property for postal purposes, or (2) to provide space

1 for postal purposes in buildings acquired under this section
2 for other purposes.

3 “(h) With respect to any interest in real **property**
4 acquired under the provisions of this section, the same shall
5 be subject to State and local taxes until title to the same shall
6 pass to the Government of the United States.

7 “(i) If any provision of this section or the application
8 thereof to any person or circumstance is held invalid, the
9 remainder of this section and the application thereof to other
10 persons or circumstances shall not be affected thereby.

11 “(j) (1) Section 302 (c) of the Federal Property and
12 Administrative Services Act of 1949 and section 355 of the
13 Revised Statutes, as amended (50 U. S. C. 175), shall
14 apply to purchase contract agreements entered into under this
15 section, except that any such agreement may be entered into
16 and placed in effect after request for but prior to receipt
17 of an opinion of the Attorney General with respect to the
18 validity of title to the property described therein.

19 “(2) Except as provided by paragraph (1) of this
20 subsection, sections 3733, 3734, and 3736 of the Revised
21 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
22 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
23 40 U. S. C. 34) ; section 3 of the Act of August 27, 1935,
24 as amended (60 Stat. 257; 40 U. S. C. 304c) ; section 407

1 of this Act; and any other provision of law (except appli-
2 cable labor standards provisions) relating to the acquisition of
3 real property, construction of buildings, or leasing of space,
4 shall not apply to purchase contract agreements executed
5 under this section.”

6 SEC. 102. It is not the intention of the Congress that
7 the program authorized by this title shall constitute a sub-
8 stitute for or a replacement of any program for the con-
9 struction by the United States of such structures as may be
10 required from time to time by the Federal Government.

11 SEC. 103. This title may be cited as the “Public Build-
12 ings Purchase Contract Act of ~~1953~~ 1954”.

13 TITLE II—POST OFFICE DEPARTMENT

14 SEC. 201. It is the purpose of this title to supplement
15 existing provisions of law for the leasing of space for postal
16 purposes by providing authorization for the acquisition by
17 the Postmaster General of such space through the execu-
18 tion of lease-purchase and other agreements under which the
19 United States will obtain immediate use of such space and
20 will make periodic payments, and in the case of lease-
21 purchase agreements will obtain title to the property de-
22 scribed therein at or prior to the end of the term prescribed
23 therein. It is not the intention of the Congress that the
24 program authorized by section 202 of this title shall con-

1 stitute a substitute for or a replacement of any program for
2 the construction by the United States of such structures as
3 may be required from time to time by the postal service.

4 SEC. 202. (a) Whenever the Postmaster General de-
5 termines that (1) there is a substantial need for space for
6 postal purposes in any particular area which cannot be satis-
7 fied by utilization of any existing property suitable for the
8 purpose then owned by the Government, (2) the receipts of
9 the post office serving such area exceed \$10,000 per year,
10 and (3) the best interests of the United States will be served
11 by taking action hereunder, he is hereby authorized to ob-
12 tain and provide space for postal purposes in suitable struc-
13 tures of permanent-type construction in the several States,
14 the District of Columbia, and the Territories and possessions
15 of the United States (including Guam), by negotiating and
16 entering into lease-purchase agreements, the terms of which
17 shall not be less than ten nor more than twenty-five years
18 and which shall provide in each case that title to the property
19 shall vest in the United States at or before the expiration of
20 the leasehold term and upon fulfillment of the terms and con-
21 ditions stipulated in each of such lease-purchase agreements.
22 Such terms and conditions shall include provision for the ap-
23 plication to the purchase price agreed upon therein of rental
24 payments made thereunder. Such payments under any such

1 agreement may include amounts for the amortization of the
2 fair market value on the date of such agreement of the prop-
3 erty described therein. The financial transactions of the
4 Post Office Department with respect to such lease-purchase
5 agreements shall be subject to the accounting and auditing
6 requirements of the Post Office Department Financial Control
7 Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first
8 Congress, second session).

9 (b) ~~The~~ *Except as provided in subsection (d) of this*
10 *section, the* Postmaster General is authorized to exercise
11 the powers granted in this section with respect to existing
12 properties, including those for which conversions, additions,
13 extensions, or remodeling may be required, and properties
14 upon which construction is to be subsequently effected in
15 pursuance of the terms of applicable lease-purchase agree-
16 ments.

17 (c) ~~The~~ *Except as provided in subsection (d) of this*
18 *section, the* Postmaster General is authorized to enter into
19 agreements, with any person, copartnership, corporation, or
20 other public or private entity, to effectuate any of the
21 purposes of this section; and is further authorized to bring
22 about the development and improvement of any land pur-
23 chased by the United States for postal purposes, including
24 the demolition of obsolete and outmoded structures situate

1 thereon, by providing for the construction thereon by others
2 of such structures and facilities as shall be the subject of
3 the applicable lease-purchase agreement.

4 ~~(d)~~ *The authority conferred on the Postmaster General*
5 *by subsections (b) and (c) of this section to enter into lease-*
6 *purchase agreements with respect to property owned by the*
7 *Government on the date of the enactment of this Act, is*
8 *hereby restricted to exclude from such authority any site*
9 *which has been acquired pursuant to law, prior to the enact-*
10 *ment of this Act, on which there has been constructed a*
11 *building to be used for postal purposes and which is presently*
12 *being used for such purposes.*

13 ~~(d)~~ (e) Each such lease-purchase agreement shall in-
14 clude such provisions as the Postmaster General, in his
15 discretion, shall deem to be in the best interest of the United
16 States and appropriate to secure the performance of the
17 obligations imposed upon the party or parties that shall enter
18 into such agreement with the United States.

19 ~~(e)~~ (f) Funds available to the Post Office Department
20 for the payment of rents are authorized to be utilized
21 by the Postmaster General to make any payments becom-
22 ing due from time to time from the United States in
23 pursuance of lease-purchase agreements entered into under
24 the authority of this title: *Provided*, That no such funds
25 may be expended for acquisition of title to the property

1 covered by any lease-purchase agreement prior to the ex-
2 piration of the leasehold term specified therein (whether
3 by exercise of option to purchase or otherwise) in the absence
4 of specific appropriation of funds for such acquisition, which
5 appropriations are hereby authorized.

6 *(g) No proposed lease-purchase agreement calling for*
7 *the expenditure of more than \$20,000 per annum shall be*
8 *executed under this section unless the Postmaster General*
9 *has come into agreement with the Committee on Public Works*
10 *of the Senate and of the House of Representatives with respect*
11 *to such lease-purchase agreement.*

12 *(h) With respect to any interest in real property*
13 *acquired under the provisions of this section, the same shall*
14 *be subject to State and local taxes until title to the same shall*
15 *pass to the Government of the United States.*

16 SEC. 203. (a) ~~Notwithstanding any other provision of~~
17 ~~law, the~~ *The* Postmaster General is authorized to—

18 (1) negotiate and enter into lease agreements with
19 any person, copartnership, corporation, or other public or
20 private entity, *for periods not to exceed a total of thirty*
21 *years for each such lease agreement*, on such terms as the
22 Postmaster General deems to be in the best interests of the
23 United States, for the erection by such lessor of such build-
24 ings and improvements for postal purposes as the Post-
25 master General deems appropriate, on lands sold, leased, or

1 otherwise disposed of by the Postmaster General to, or
2 otherwise acquired by, such person, copartnership, cor-
3 poration, or public or private entity;

4 (2) for the purposes of paragraph (1) of this sec-
5 tion, and without regard to the Federal Property and
6 Administrative Services Act of 1949 (Act of June 30.
7 1949, ch. 288, Eighty-first Congress, first session), as
8 amended—

9 (A) acquire by purchase, condemnation, lease,
10 donation, or otherwise, and on such terms as he
11 shall deem appropriate to the best interests of the
12 United States, real property and interests therein,
13 for use for postal purposes; and

14 (B) dispose of real property, and interests
15 therein, acquired for use or used for postal pur-
16 poses by sale, lease, or otherwise, on such terms
17 as he shall deem appropriate to the best interests
18 of the United States: *Provided, That the Postmaster*
19 *General shall not, for the purposes of this section,*
20 *dispose of (1) any Government-owned property, or*
21 *interests therein, acquired pursuant to section 101*
22 *of the Public Buildings Act of 1949 (63 Stat. 176)*
23 *or (2) any Government-owned property, or interests*
24 *therein, which has been acquired pursuant to law,*
25 *prior to the enactment of this Act, on which there*

1 *has been constructed a building to be used for postal*
2 *purposes and which is presently being used for such*
3 *purposes.*

4 (b) Funds available to the Post Office Department
5 for the payment of rents are authorized to be utilized by
6 the Postmaster General for the purposes of this section.

7 SEC. 204. The Postmaster General may, at the time he
8 enters into any lease-purchase or lease agreement under
9 authority of this title, include in such agreement a provision
10 for adjustment of the rental paid to any lessor to compen-
11 sate for any increase or decrease in taxes on the leased
12 property.

13 SEC. 205. (a) Amounts received by the Government
14 from sales, leases, or other disposals of property acquired
15 *under authority of this title* in the performance by the Post-
16 master General of the functions vested in him by this title
17 shall be credited to the current applicable appropriation of
18 the Post Office Department and shall be available for ex-
19 penditure for the purposes of this title: *Provided, That any*
20 *amount received by the Postmaster General from the sale*
21 *of such property, under authority of this title, which exceeds*
22 *the amount paid therefor from the appropriations for the*
23 *Post Office Department, shall be covered into the Treasury*
24 *as miscellaneous receipts.*

25 (b) *Any amounts received by the Postmaster General*

1 *from the sale, lease, or other disposal of real property ac-*
2 *quired by the Government under authority of the Public*
3 *Buildings Act of May 25, 1926 (44 Stat. 630), as amended,*
4 *and the Public Buildings Act of 1949 (63 Stat. 176), as*
5 *amended, which may be transferred to the Postmaster Gen-*
6 *eral, shall be disposed of in accordance with the provisions*
7 *of section 321 of the Act entitled "An Act making appropri-*
8 *ations for the Legislative Branch of the Government for the*
9 *fiscal year ending June 30, 1933, and for other purposes"*
10 *(47 Stat. 412; 40 U. S. C. 303b), section 5 of the Public*
11 *Buildings Act of May 25, 1926, as amended (44 Stat. 633;*
12 *40 U. S. C. 345), or section 204 of the Federal Property*
13 *and Administrative Services Act of 1949, as amended (63*
14 *Stat. 388; 40 U. S. C. 485), whichever section may be*
15 *applicable.*

16 SEC. 206. The Postmaster General shall take title, on
17 behalf of the United States, to all real property purchased
18 by him under authority of this title.

19 SEC. 207. (a) Section 355 of the Revised Statutes, as
20 amended (50 U. S. C. 175), shall apply to the acquisition
21 in fee simple of real property under this title, except that
22 any lease-purchase agreement to acquire real property under
23 this title may be entered into and placed in effect after
24 request for but prior to receipt of an opinion of the Attor-

1 ney General with respect to the validity of title to the real
2 property described therein.

3 (b) Section 3709 of the Revised Statutes, as amended
4 (41 U. S. C. 5), shall apply (1) to the acquisition of real
5 property by lease-purchase agreements, under authority of
6 section 202 of this title, and (2) to the lease agreements
7 entered into under authority of paragraph (1) of section
8 203 (a) of this title.

9 (c) Except as provided by subsections (a) and (b) of
10 this section, sections 3733, 3734, and 3736 of the Revised
11 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
12 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
13 40 U. S. C. 34) ; and any other provision of law (except
14 applicable labor standards provisions) relating to the acquisi-
15 tion or disposal of real property, construction of buildings, or
16 leasing of space, shall not apply to any of the functions
17 performed by the Postmaster General in effectuating the
18 purposes of this title.

19 SEC. 208. No agreement shall be entered into under this
20 title later than a date ten years after the date of enactment
21 of this title.

22 SEC. 209. The Postmaster General shall include in his
23 annual report an account of transactions conducted during
24 the applicable year pursuant to the provisions of this title.

- 1 SEC. 210. This title may be cited as the "Post Office
2 Department Property Act of ~~1953~~ 1954".

Passed the House of Representatives July 24, 1953.

Attest:

LYLE O. SNADER,

Clerk.

Calendar No. 1085

83^d CONGRESS
2^d SESSION

H. R. 6342

[Report No. 1084]

AN ACT

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

JULY 25 (legislative day, JULY 6), 1953

Read twice and referred to the Committee on
Public Works

MARCH 19 (legislative day, MARCH 1), 1954

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 9, 1954
For actions of April 8, 1954
83rd-2nd, No. 65

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HIGHLIGHTS: Senate completed congressional action on Mexican farm-labor appropriation measure. Senate debated buildings lease-purchase bill. House sent road authorizations bill to conference. Agricultural appropriation bill is to be reported today, and debate is to begin Mon. Senate debate on wool bill is to begin Mon. Rep. Stringfellow defended reorganization of FMA committees.

SENATE

- 1. FARM LABOR.** Agreed to the conference report on H. J. Res. 461, providing an appropriation of \$478,000 additional to the labor Department for the Mexican farm labor program (pp. 4579-80). This measure will now be sent to the President.
- 2. BUILDINGS.** Began debate on H. R. 6342, to authorize the General Services Administration to acquire land and to provide for construction of buildings thereon by executing lease-purchase contracts. Agreed to the committee amendments. Sen. Dirksen objected to one of these amendments, which would require approval of the Public Works Committees to the larger contracts. He inserted an opinion of the Justice Department that this provision was unconstitutional. He submitted an amendment that would provide for a waiting period, in order to give Congress an opportunity to consider the contracts, but would not authorize congressional committees to prevent the contracts from going into effect. (pp. 4586, 4591-610.)
- 3. WOOL PRICE SUPPORTS.** Sen. Hendrickson announced that it is expected the wool bill, S. 2911, will be debated beginning Monday (p. 4611).
- 4. PRICE SUPPORTS.** Sen. Langer inserted farm-groups' requests regarding price supports on dairy products, wool, beef, poultry, eggs, etc. (pp. 4576-7). Sen. Aiken inserted a Vt. Poultry Assn. resolution saying price supports are "superficial" and that "fundamental faults" should be attacked (p. 4576).
- 5. INSPECTION FEES.** Sen. Langer inserted a Potato Growers Assn. resolution opposing an increase in terminal-market inspection fees for USDA (p. 4576).

HOUSE

6. PERSONNEL. As reported (see Digest 63), S. 2665 provides as follows: Abolishes the crafts, protective, and custodial schedule of the Classification Act and transfers these positions to either the local prevailing-wage-rate system or the general schedule. Increases from 400 to 700 the number of authorized super-grades and removes the limitation on the number of positions in each grade. Provides for longevity salary step increases for employees at GS-11 through GS-15. Authorizes departments to request appropriations to pay not over \$100 annually for employee-uniform allowances. Repeals the Whitten amendment. Modernizes and simplifies the overtime and premium compensation laws relating to Federal employees. Raises the cut-off point on overtime pay to the maximum of GS-9, now \$5,810. Increases the ceiling on base pay plus overtime on any other premium pay from \$10,330 to \$11,800. Guarantees a minimum of 2 hours' pay at the overtime rate for any Federal employee called back for overtime work on a non-work-day or during his off-duty hours. Assures employees that they will be assigned to normal work schedules except where irregular tours of duty are essential and permits agencies to continue to schedule unusual tours of duty for employees whenever operating requirements necessitate it. Permits a department to pay not in excess of 25% of an employee's basic pay if the employee occupies a position such as fire fighter which requires him to remain at his station longer than ordinary periods of duty, with a substantial part of the work consisting of remaining in a standby status (such premium pay to be in lieu of other premium pay provided for under the bill). Provides for similar benefits up to 15% additional to base pay, for irregular or unscheduled overtime, night, or holiday duty, to other employees (such as criminal investigators) whose hours of duty cannot be controlled administratively and which require substantial amounts of irregular unscheduled overtime duty or at night and on holidays.
Establishes a uniform Government employees' incentive awards program. Places authority for direction of the program with the Civil Service Commission. Authorizes Presidential honorary awards to civilian employees. Authorizes monetary awards based on Government-wide savings when appropriate. Makes employees under all pay laws eligible for all types of awards. Eliminates salary-increase awards and provides for cash awards in their stead. Eliminates the present \$25,000 annual limit on total cash awards an agency can make for adopted employee suggestions. Eliminates the present \$1,000 limit on individual cash awards for employee suggestions. Eliminates the present maximum (an amount equal to three within-grade salary steps) on certain cash awards. Extends the awards program to cover inventions by Government employees. Permits delegation, within departments, of the authority to make awards.
7. ROAD AUTHORIZATIONS. House conferees were appointed on H. R. 8127, to authorize road appropriations for 1956-7 (p. 4638). Senate conferees have been appointed.
8. FLOOD CONTROL. The Public Works Committee reported without amendment H. R. 8377, authorizing appropriations for Army flood-control projects in the Columbia Basin (H. Rept. 1509)(p. 4645).
9. AGRICULTURAL APPROPRIATION BILL, 1955. The Appropriations Committee was granted permission to report this bill today, Apr. 9, during House adjournment. Majority Leader Halleck stated that, if a rule is reported, this bill will be considered Mon. and, if not completed that day, will go over until Wed. because of the Ill. primary (p. 4637).
10. ADJOURNED until Mon., Apr. 12 (p. 4645).

United States, the rents, royalties, and bonuses shall be allocated between them in proportion to the acreage in said lease owned by each.

Mr. KNOWLAND. Mr. President, I now ask unanimous consent that Senate bill 2874 be indefinitely postponed, that the Senate proceed to the consideration of House bill 7110 to provide that title to certain school lands shall rest in the States under the act of January 25, 1927, notwithstanding any Federal leases which may be outstanding on such lands at the time they are surveyed, in lieu of Senate bill 2874, and that House bill 7110 be considered for amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

House bill 7110 is now before the Senate, and is open to amendment.

Mr. BENNETT. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, in lines 8 and 10, it is proposed to strike out "royalties" and to insert in lieu thereof "rents, royalties, and bonuses."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. BENNETT].

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

DESIGNATION OF OCTOBER 16, 1954, AS NATIONAL OLYMPIC DAY

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Joint Resolution 146, which has been printed and lies on the table, to authorize the designation of October 16, 1954, as National Olympic Day, in preparation for the national olympics. It was introduced by me, for myself and for the distinguished minority leader, the Senator from Texas [Mr. JOHNSON].

The PRESIDING OFFICER. The joint resolution will be read by title for the information of the Senate.

The CHIEF CLERK. A joint resolution (S. J. Res. 146) to authorize the designation of October 16, 1954, as National Olympic Day.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President of the United States is authorized and requested to issue a proclamation designating the 16th of October 1954, as National Olympic Day and urging all citizens of our country to do all in their power to support the XVth Olympic games, the winter games to be held in 1956, and the Pan American games to be held in 1955, and to insure that the United States will be fully and adequately represented in these games.

The preamble was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 8127) to amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DONDERO, Mr. ANGELL, Mr. MCGREGOR, Mr. FALLON, and Mr. DAVIS of Tennessee were appointed managers on the part of the House at the conference.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 461) making an additional appropriation for the Department of Labor for the fiscal year 1954, and for other purposes, and it was signed by the President pro tempore.

AUTHORIZATION TO ACQUIRE TITLE TO REAL PROPERTY AND CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS THEREON

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1085, House bill 6342.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Public Works with amendments.

PERSONAL STATEMENT BY SENATOR MORSE

Mr. MORSE obtained the floor.

Mr. HUNT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Oregon yield for that purpose?

Mr. MORSE. I do not yield for that purpose.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. MORSE. Mr. President, I speak with a very sad heart of a very unfortunate incident which happened in the Senate today.

I have always proceeded on the theory that Senators extended to each other the maximum of senatorial courtesy, and that they tried to accommodate themselves to the convenience of their colleagues. It is a matter of great regret to me that the majority leader has seen fit, in my absence for a few minutes from the Senate Chamber, to bring up the conference report on House bill 6025 and have it agreed to.

For the RECORD I should like to give this chronology: Last week when the conference report came up it was reached late in the afternoon. I intended to make a motion in regard to the conference report. I made it very clear to the majority leader that I would ask for a quorum call. It seemed to be the consensus of opinion that a quorum could not be obtained at that late hour, so it was agreed that the conference report would go over until Monday.

A few minutes later I discovered that I was committed to be out of the city on Monday. The Senator from New Jersey [Mr. HENDRICKSON] had already left the Chamber, so, as I was unable to explain the situation to him, I explained it to the Senator from California. As the RECORD will show, a colloquy took place, and it was finally agreed that the conference report would be brought up on Wednesday, following my return to the city.

It was not brought up yesterday until late in the afternoon, at which time I found myself in exactly the same parliamentary position I was in the preceding week. If I had called for a quorum last night, Senators would have been greatly inconvenienced, and I think it is doubtful whether a quorum could have been obtained.

The majority leader seemed somewhat piqued over the fact that I desired a quorum call. I had made it clear that I wanted a quorum to be present to consider my motion to recommit the bill to the conference.

We all know that sometimes in the heat of debate personal feelings show themselves in muscle tensions, if not in language. I thought it a bit unfortunate that the majority leader felt compelled to make a remark to the effect that the Senate would decide today whether or not the Senator from Oregon was to determine policy on these matters.

It so happened that at 12 o'clock noon today I was engaged upon a matter which made it impossible for me to be on the floor of the Senate. It involved a matter of great importance to Oregon and I felt obliged therefore to delay coming to the floor of the Senate for a few minutes. I reached the floor at the earliest possible moment. In fact, as I now stand on the floor of the Senate one of my colleagues is waiting in the Senate radio studio and has been waiting for some time past, to complete a radio transcription with me.

When I heard the bell for the second quorum call, a call which I understand was discontinued after it had been ordered, I came to the floor of the Senate as soon as I could, only to discover that the conference report had already been agreed to.

until the lease is extinguished, relinquished, or cancelled.

In the case of oil and gas or uranium leases, this means that Uncle Sam remains a squatter on those State lands until the gas and oil or uranium is extracted and the lease is relinquished or until the leaseholders conduct sufficient exploratory work to assure them that the lease is worthless.

In short, the Federal Government is placed in the position of telling the people of the State of Utah: "We'll be glad to return your land to you after all its valuable minerals have been extracted."

And this is land granted by Congress in 1894 for support of the common schools.

The land in question, incidentally, is largely without value save for its mineral content.

This explanation is not intended to be critical of the Interior Department in its role as administrator of public lands. The Department heads obviously are acting on advice from the Department's legal staff, and I have no doubt that their position is well taken.

However, it is difficult to explain to people of the State affected that legal phraseology in a 1927 act designed to protect State interests in Enabling Act land grants is working to deprive the State of revenue from lands theoretically granted at statehood 57 years ago.

Director Edward Woolley of the Bureau of Land Management recently found himself in the same embarrassing position the Utah State delegation has been in. A reporter from one of the Salt Lake newspapers called him up and asked him how he could justify the Federal Government's diversion of title and revenue from assigned school sections in Utah.

Mr. Woolley told the reporter that he couldn't justify it and that he was especially sympathetic to Utah, Arizona, and California, which are the three States most affected by this land problem.

"Then what is the solution?" the reporter asked him.

The Bureau of Land Management Director indicated that the solution was a completion of the survey and transfer of title to the States as expeditiously as possible. He also suggested, according to a newspaper report of the interview, that legislation be introduced to transfer to the respective States any existing Federal mineral leases at the time the survey is approved. This, he indicated, would complete the transfer of the land title in conformity with the intent of the 1927 act.

The purpose of the bill under discussion today, therefore, is to carry out that suggestion by Director Woolley. It gives nothing to the States which have land coming to them under enabling act grants. Instead it is a partial restoration of injustice to public-land States unwittingly caused by the working of an act passed to help preserve State rights to those lands.

I agree with Director Woolley that the ultimate solution of this problem is to complete the cadastral survey and get the remaining school sections under State ownership as soon as possible. And I believe that the Members of this body are fully aware that I have been seeking to get action on this subject since I came to the Senate. I supported the National Surveying and Mapping Act of 1949. Then on February 6, 1950, I introduced in the United States, S. 2989, to provide an accelerated program for surveying and mapping of the United States, its Territories, and possessions. This measure was revised and reintroduced during the 1st session of the 83d Congress and may come up for consideration before the session is over.

I also recognized the problem of a diversion of State school revenue back in 1950, and at that time introduced S. 3124, a bill providing for the distribution of proceeds of mineral leases on unsurveyed lands. If

this had passed, the measure under consideration today would have been unnecessary.

Both of these old measures are still eminently justified, so the action requested in this bill today is only a partial solution of the lands problem as it affects Utah and several other States. The new measure, however, has urgency in view of the accelerated surveying program now being formulated by the Bureau of Land Management.

By surveying only school section lines in unsurveyed townships, the Bureau hopes to stretch available funds and complete the survey of about eight townships in Utah this spring. And if requested surveying funds are appropriated by Congress, the Bureau hopes to survey 50 townships in Utah, 25 townships in Arizona, and 45 townships in California during fiscal 1955. This surveying program will restore nearly 3 million acres of long-overdue land to those three States.

However, without this legislation, the restoration in Utah will be virtually nil, because the proposed surveying work will be done in areas undergoing heavy minerals exploration. Unless this legislation passes, most of these 200 school sections scheduled for survey and ultimate transfer, will remain under Federal control even though granted to the State in 1894 and completely surveyed, and under present laws, they will not be transferred to the State until the minerals are extracted and the lands made completely worthless.

This body has a reputation for being quick to correct miscarriages of justice in its relations with individuals and foreign countries. I hope that we can act just as quickly in this case and remove the Federal Government from the position of diverting money from a modest permanent school fund established by our predecessors of 1894.

The Congress which passed the enabling act under which Utah became a State in 1896, I might add, considered those school lands such a valuable asset to public education that the States are not permitted to use the income from leases or sale of the land granted. Only the interest from income derived from this land may be used in support of the "common schools." Any funds, therefore, derived by Utah or other States from this legislation will go into permanent school funds, which, conceivably, will be used to further public education for years to come.

Mr. Chairman, the report of the Bureau of the Budget carries a recommendation that a subsection (5) be inserted in section 1 of the bill which is reasonable and acceptable to both Senator BENNETT and myself.

I move that the bill be reported favorably.

Mr. KNOWLAND. Mr. President, will the Senator from Utah yield to me?

Mr. WATKINS. I yield.

Mr. KNOWLAND. I should like to address an inquiry to both the Senators from Utah. I call their attention to the fact that there is on the calendar House bill 7110, Calendar 1188, which presumably deals with the same subject, although I understand in slightly different form. I should like to know the desires of the Senators from Utah. In other words, whether we shall pass the Senate bill and send it to the House of Representatives or whether we shall consider the House bill, strike out all after the enacting clause, and then substitute for the text of the House bill the text of the Senate bill.

The PRESIDING OFFICER. The Chair calls attention to the fact that the only difference between the two bills will be found on page 3, in line 8, where the

Senate bill uses the words "royalties and bonuses," and the House bill does not.

Mr. KNOWLAND. Mr. President, I call attention to the fact—I do not know how important it is to expedite final action on the bill—that, of course, if the Senate considers the House bill, strikes out all after the enacting clause, substitutes the text of the Senate bill, and sends the House bill as thus amended back to the House, there probably will be a conference. On the other hand, if the Senate amends the House bill, so as to make it read in the way the Senate bill now reads, the House could concur in the Senate's amendments to the House bill, and that might facilitate final enactment of the bill.

Mr. BENNETT. I think we should proceed in the way which will be most expeditious; and I am perfectly willing to have the House bill amended by inserting the words "rents, royalties, and bonuses" in place of the word "royalties", on page 3, in lines 8 and 10.

Mr. WATKINS. Mr. President, at this time I ask unanimous consent to have printed in the RECORD an explanation of the bill.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION OF THE BILL

H. R. 7110 provides that title to certain school lands shall vest in the States under the act of January 25, 1927, notwithstanding any Federal leases which may be outstanding on the lands at the time they are surveyed.

When the State of Utah was admitted, its enabling act prescribed that four sections out of every township when surveyed would be conveyed to the State of Utah for the express purpose of the financing of the public school system of the State. These sections were designated by number as 2, 16, 32, and 36 in the State of Utah. Other surrounding Western States have similar provisions (not exact) in their enabling acts. There was in the enabling act a reservation excluding from the effect of this statute those lands mineral in character.

In 1927 an act was passed conveying numbered school sections mineral in character to the States; however this act of 1927 provided that any school land section mineral in character on which there was at the time of survey any valid application, claim, or right initiated or held under any of the existing laws of the United States, would be exempt from the operation of the 1927 act until or unless such "reservations, applications, claims, or rights are extinguished, relinquished, or canceled." Therefore, under the operation of the 1927 act, leases for oil and mineral development were determined by the Solicitor of the Bureau of Land Management to be such an outstanding interest as to preclude the State from becoming entitled to the numbered section.

This act which is now proposed seeks to reverse that exemption pertaining to leases and thus allow the assignment of the lease from the Federal Government to the State whereby the existing lease would not be broken. The benefits and the fee would be transferred to the State.

The Bureau of the Budget and the Bureau of Land Management in reporting on this bill recommended the inclusion of subsection 5 which was accepted by the authors and the subcommittee and recommended to the full committee as follows:

"Subsection 5: Where, at the time rents, royalties, and bonuses accrue, the land or deposits covered by a single lease are owned in part by the State and in part by the

I may say to the Senate that measures calling for this stamp were introduced in the Senate in March of last year. The distinguished junior Senator from Michigan [Mr. POTTER] introduced Senate bill 1468, and the distinguished junior Senator from Montana [Mr. MANSFIELD] introduced Senate bill 1482. The bills were referred to the Committee on Post Office and Civil Service. In accordance with the usual practice of the committee, the bills were submitted to the Post Office Department for consideration and recommendation.

I wish to congratulate the Postmaster General, Hon. Arthur E. Summerfield, and the Post Office Department, upon the issuance of this stamp. I think it is timely, and from a national standpoint, most appropriate, that this 8-cent stamp which will be used primarily on international mail, will carry on its face a message to foreign countries in words that mean so much to us, because they are a part of our heritage: "In God We Trust."

Mr. President, I consider it a privilege to have been in attendance at the unveiling exercises this afternoon.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. POTTER. I wish to join in the remarks of the distinguished Senator from Kansas concerning the unveiling of the new 8-cent stamp, on which appears the words, "In God We Trust." This is the first time in the history of the Nation that a postage stamp of regular issue has carried such a message. I think it is entirely fitting and proper that the selection of a stamp to carry these words should have been a stamp which will be placed on mail going to foreign nations. It might almost be termed an international stamp, since it will be used upon international mail.

I can think of no greater message that could be sent to people throughout the world on a little postage stamp than that we, as Americans, believe in spiritual values. Mr. President, we are a great nation because of our belief and trust in God.

The ceremony today was dignified by the presence of the President of the United States, by most of the Cabinet, and by very distinguished clergymen, representing the Protestant, Catholic, and Jewish faiths. The program was most impressive.

I am confident that the selection of the Statue of Liberty as the motif of the stamp and the motto, "In God We Trust," will serve to repay our Nation in spiritual values, manifold, the time and effort devoted to the preparation of the stamp and the ceremonies connected with its issuance.

Mr. CARLSON. Mr. President, I am pleased to have the statement by the junior Senator from Michigan, who introduced Senate bill 1468, which provided that the words "In God We Trust" should be printed on the stamp.

I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a description of the new 8-cent stamp.

There being no objection, the description was ordered to be printed in the RECORD, as follows:

This first stamp of the new ordinary series is an 8-cent bicolored steel-engraved stamp of the ordinary size, 0.75 by 0.87 of an inch, arranged vertically. The part of the design printed in red portrays the Statue of Liberty with the wording "In God We Trust" in red gothic, forming an arch over the head of the statue.

The frame, or background, which defines the outline of the stamp, is printed in blue in a gradual tone effect with the dark tone at the edges and fading toward the center to create a white halo in back of the statue. "U. S. Postage" and the denomination "8¢" appear across the top with the word "Liberty" prominently displayed across the bottom, in whitefaced gothic.

This stamp will be used primarily for the first ounce of international mail. It is anticipated that 200 million or more of these stamps will be used yearly.

Mr. CARLSON. Mr. President, as has been mentioned by the distinguished junior Senator from Michigan, the program was a 15-minute service. The invocation was by Dr. Roy G. Ross, general secretary, National Council of Churches.

There was an address by the Honorable Arthur E. Summerfield, Postmaster General, who also presided at the exercises.

An address was delivered by the Honorable John Foster Dulles, Secretary of State.

His Eminence, Francis Cardinal Spellman, archbishop of New York, delivered an address.

The concluding address was by the President of the United States.

The benediction was by Dr. Norman Salit, president, Synagogue Council of America.

I have before me a statement issued by the Postmaster General relative to the issuance of the stamp, and I expect to receive later in the afternoon, a more complete transcript of his remarks. I ask unanimous consent that these matters may be printed at this point in the RECORD as a part of my remarks.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

COMMENTS BY POSTMASTER GENERAL ARTHUR E. SUMMERFIELD, THURSDAY, APRIL 8, 1954

We, in the Post Office Department are highly honored to have with us today the President of the United States, the Vice President, members of the President's Cabinet, representative leaders of our great religious denominations and a group of distinguished guests.

You may well ask why these leaders in our Government and in our spiritual life—should take the time to dignify the issuance of a new stamp.

There is a very good reason for their being here.

This is the first regular stamp in our history to bear the motto "In God We Trust" and to portray the Statue of Liberty.

The issuance of this stamp, therefore, symbolizes the rededication of our faith in the spiritual foundations upon which our Government and our Nation rest. It also reaffirms our determination to safeguard our liberties. Finally, it expresses our hopes for the rebirth and the growth of freedom among all peoples of the world everywhere.

The Statue of Liberty, so prominently displayed, is a symbol of opportunity and hope

to victims of persecution and terror today, just as it has been in times past.

It is fitting this stamp will be used extensively for foreign mail because we want men of good will everywhere to know that America will always remain a God-fearing, God-loving nation where freedom and equality for all are living and imperishable concepts.

If the peoples of the world abide by the truths symbolized on this stamp—godliness and freedom—the brightest days of our civilization lie in the unlimited future.

That is the hope of every American. That is what this new stamp symbolizes. That is why we are gathered here today.

AUTHORIZATION TO ACQUIRE TITLE TO REAL PROPERTY AND CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS THEREON

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the first amendment, which the clerk will state.

The CHIEF CLERK. On page 4, line 12, after the word "than", it is proposed to strike out "\$50,000" and insert in lieu thereof "\$20,000."

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Martin
Anderson	Griswold	Maybank
Barrett	Hayden	McCarran
Bennett	Hendrickson	McClellan
Bricker	Hennings	Millikin
Bridges	Hickenlooper	Morse
Bush	Hill	Mundt
Butler, Md.	Hoey	Murray
Butler, Nebr.	Holland	Neely
Byrd	Humphrey	Pastore
Carlson	Hunt	Payne
Case	Ives	Potter
Clements	Jackson	Purtell
Cooper	Jenner	Robertson
Cordon	Johnson, Colo.	Russell
Daniel	Johnson, Tex.	Saltonstall
Dirksen	Johnston, S. C.	Schoeppel
Douglas	Kefauver	Smith, Maine
Dworshak	Kerr	Smith, N. J.
Eastland	Kilgore	Stennis
Ellender	Knowland	Symington
Ferguson	Kuchel	Upton
Flanders	Langer	Watkins
Frear	Lehman	Wiley
Fulbright	Long	Williams
Gillette	Magnuson	Young
Goldwater	Malone	
Gore	Mansfield	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the committee amendment on page 4, in line 12, which has been stated.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will proceed to state the remaining amendments of the committee.

The next amendment was, on page 4, in line 13, after the word "unless", strike out "it has been submitted, 30 days prior

to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees" and insert "the Administrator has come into agreement with the Committee on Public Works of the Senate and of the House of Representatives with respect to such purchase contract agreement."

The amendment was agreed to.

The next amendment was, on page 7, in line 12, after the word "of," to strike out "1953" and insert "1954."

The amendment was agreed to.

The next amendment was, on page 9, in line 9, after "(b)", to strike out "The" and insert "Except as provided in subsection (d) of this section, the."

The amendment was agreed to.

The next amendment was, on page 9, in line 17, after "(c)", to strike out "The" and insert "Except as provided in subsection (d) of this section, the."

The amendment was agreed to.

The next amendment was, on page 10, after line 3, to insert:

(d) The authority conferred on the Postmaster General by subsections (b) and (c) of this section to enter into lease-purchase agreements with respect to property owned by the Government on the date of the enactment of this act, is hereby restricted to exclude from such authority any site which has been acquired pursuant to law, prior to the enactment of this act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

The amendment was agreed to.

The next amendment was, on page 10, in line 13, to change the subsection letter from "(d)" to "(e)"; and in line 19, to change the subsection letter from "(e)" to "(f)."

The amendment was agreed to.

The next amendment was:

(g) No proposed lease-purchase agreement calling for the expenditure of more than \$20,000 per annum shall be executed under this section unless the Postmaster General has come into agreement with the Committee on Public Works of the Senate and of the House of Representatives with respect to such lease-purchase agreement.

(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

The amendment was agreed to.

The next amendment was, on page 11, in line 16, after "(a)", to strike out "Notwithstanding any other provision of law, the" and insert "The."

The amendment was agreed to.

The next amendment was, on page 11, in line 20, after the word "entity", to insert "for periods not to exceed a total of 30 years for each such lease agreement."

The amendment was agreed to.

The next amendment was, on page 12, in line 18, after the word "States", to insert a colon and the following proviso:

Provided, That the Postmaster General shall not, for the purposes of this section, dispose of (1) any Government-owned property, or interests therein, acquired pursuant to section 101 of the Public Buildings Act of 1949 (63 Stat. 176) or (2) any Government-owned property, or interests there-

in, which has been acquired pursuant to law, prior to the enactment of this act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

The amendment was agreed to.

The next amendment was, on page 13, line 13, after "Sec. 205", to insert "(a)"; at the beginning of line 15, to insert "under authority of this title"; and in line 19, after the word "title", to insert a colon and the following proviso:

Provided, That any amount received by the Postmaster General from the sale of such property, under authority of this title, which exceeds the amount paid therefor from the appropriations for the Post Office Department, shall be covered into the Treasury as miscellaneous receipts.

(b) Any amounts received by the Postmaster General from the sale, lease, or other disposal of real property acquired by the Government under authority of the Public Buildings Act of May 25, 1926 (44 Stat. 630), as amended, and the Public Buildings Act of 1949 (63 Stat. 176), as amended, which may be transferred to the Postmaster General, shall be disposed of in accordance with the provisions of section 321 of the act entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes" (47 Stat. 412; 40 U. S. C. 303b), section 5 of the Public Buildings Act of May 25, 1926, as amended (44 Stat. 633; 40 U. S. C. 345), or section 204 of the Federal Property and Administrative Services Act of 1949, as amended (63 Stat. 388; 40 U. S. C. 485), whichever section may be applicable.

The amendment was agreed to.

The next amendment was, on page 16, in line 2, after the word "of", to strike out "1953" and insert "1954."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment.

MR. KNOWLAND. Mr. President, is the Senator from California going to make an explanation of the bill, as reported?

MR. KUCHEL. Yes.

Mr. President, the purpose of House bill 6342 is to provide for acquisition and construction of Federal public buildings by lease-purchase contracts. It is a supplemental to existing public buildings law, and will provide a new method of obtaining building space for permanent activities of the Federal Government. Under present law, the Government has the choice of constructing its own buildings whenever appropriations are provided, or of renting space from private individuals. Unfortunately, during the periods when increases in permanent Government activities occur, the condition of the Federal budget is not very conducive to the appropriation of large sums for building construction. Federal building construction has been almost at a standstill for some 15 years, while Government activities have been steadily increasing during the same period. It takes more employees and more working space to carry out those increased activities.

Furthermore, during the same period we have had a population increase of more than 20 percent. Government services which have been authorized by the elected representatives of the people

must be provided for today's population, not for the population of 15 years ago. Differences in views on the size of the Federal payroll should have no place in the consideration of this bill. The objective of this bill is to provide more economy in securing adequate space for permanent Government activities as they exist today.

Under the conditions of the past 15 years, it has not been possible to appropriate large sums for Federal building construction. As a result, it has been necessary to rent space on a large scale. This has been costly, and frequently, very inefficient since in many instances the only rental space available was not suited to the Government's needs. There have been some cases where the Government has rented buildings for postal use for as long as 40 or 50 years. When such long rental periods are tolerated it means that the Federal Government is paying the owner the full cost of his investment plus a profit or interest on the investment, all without securing any equity in the building, and the Government still has to pay the same price to continue renting the same or similar space after the building is paid for. The Government has had no alternative for that wasteful practice until this bill was brought before the Congress.

The legislation in this bill will permit the Government to obtain building space designed for most efficient use at a cost which falls in between the extremes of direct construction and indefinite rental. It will have most of the advantages of direct construction in that the Government can select its own site and design, and will have full ownership of the building at the end of a specified period. It avoids the disadvantage of a large initial appropriation of funds and the waste of indefinite rental payments.

The bill is divided into two titles for purposes of administration. Title I deals with buildings under the control of the General Services Administration which are used for most civilian Government activities other than postal use. They include Federal courthouses, customhouses, warehouses, and general-purpose buildings which may also have minor portions of space assigned for postal use. Title II is concerned with buildings which are under the control of the Postmaster General and are used predominantly or exclusively for postal purposes. Buildings on military and naval reservations, and veterans' hospitals are controlled by their respective administrative agencies and are not covered under this legislation.

To make use of this lease-purchase legislation, the General Services Administrator or the Postmaster General must determine, first, that the need for space for permanent Government activities cannot be met by using existing Government-owned property suitable for that purpose, and, second, that the best interests of the United States will be served by undertaking the lease-purchase method of obtaining the needed space. In making the latter determination, he must consider the prospect of direct Federal construction within a

reasonable period of time, and the relative economy of the lease-purchase method as compared with the total rental cost over the expected period of use.

Lease-purchase contracts may be entered into for periods of not less than 10 years nor more than 25 years. The annual payments during the designated period will be set at an amount sufficient to pay for taxes, reasonable interest charges on the capital investment, such maintenance and operation costs as may be covered under the contract, and installment payments of the purchase price agreed upon. At the end of the period the purchase price will be paid in full and the title will be conveyed to the Government free and clear. As an example, the usable life of a new building may be estimated at 50 years and the lease-purchase contract term set at 25 years. If the Government use is permanent and the total cost of all payments under the contract, plus the total maintenance costs for the 25-year remainder of the life of the building after the end of the 25-year contract period, is less than the total of annual rental payments for a full 50-year period in comparable rented space, then the lease-purchase method would result in a savings in overall cost. It would also have the advantage of allowing the Government to select its own location and building design.

The bill would allow the Government to pick out a suitable site and to purchase or take an option on it before entering into a lease-purchase contract if such action should be advisable to avoid speculation. The proposed contract would then be advertised on the basis of a design and plans prepared by or subject to the approval of the Government. If an acceptable proposal is offered and agreed upon, then the option or other interest in the site would be transferred to the prospective contractor as a part of the contract agreement. Upon completion of the building by the contractor, the Government would take up occupancy and the annual payments under the contract would begin. This arrangement would then be similar to the reducing type of home mortgage.

This legislation can also be used to advantage by exchanging unsuitable buildings acquired under makeshift conditions for new buildings properly planned for Government use. One example is a large building originally designed and constructed as a hotel in the State from which I come. It was acquired during the war and has since been used for office space. It is not suitable for that purpose. The demand for hotel facilities has increased in that area and this building now has high value for reversion to hotel purposes. It is expected that a favorable exchange can be worked out whereby the Federal Government can obtain suitable space properly planned for its own use at little cost over the value of the former hotel building.

Under existing public buildings law a number of sites for Federal buildings have already been acquired and general plans have been drawn up. It would

be possible under the pending bill to contract for buildings on these sites provided that the criteria of need and economy can be met satisfactorily. Likewise this legislation may aid indirectly in the removal of unsightly and unsatisfactory temporary buildings such as those which now clutter up some of the park area in the District of Columbia. While this bill does not contain any direct provisions for removing such temporary buildings the authority to contract for new buildings under the lease-purchase method will make it possible for the temporary buildings to be abandoned on a gradual basis whenever the best interests of the Government would be served by so doing.

The representatives of the General Services Administration and the Postmaster General have assured the committee that this legislation will not be used to undertake a vast public-building program. They understand that it will not replace or be a substitute for a Federal construction program. It is contemplated that it will be used solely as a supplementary means of securing space only in cases where it would have decided advantages to the Federal Government over other methods of space procurement.

It is true, however, that in the event of adverse employment conditions activities under this legislation could be easily expanded and would serve as an effective economic stimulant for construction activities by private enterprise.

Hitherto all Federal construction programs have been authorized on a specific basis or within definite monetary limitations. It is difficult to provide the same type of control or limitation for a building program under the lease-purchase method. The committee feels that the Congress should, however, provide for some reasonable degree of control and it has accordingly written language in the bill which would free any proposed contract requiring an annual payment of not more than \$20,000 from any direct legislative control but would require that on larger contracts the respective Government agency shall come into agreement with the Committee on Public Works of the Senate and of the House of Representatives before the contracts are carried forward. This is the same procedure as now required by law for acquisition of property by the Department of Defense. Such legislation was originally adopted by Congress in 1944 and has been in effective operation since that time.

The effect of the limitation requiring agreement on contracts involving annual payments of more than \$20,000 would be to reserve to the Congress the right of further legislative approval for buildings which would have an initial construction cost somewhere in the neighborhood of \$200,000 or more. Many of the typical small city or town post offices could be built at a cost of less than \$200,000.

The requirement for agreement on the larger contracts will apply only to general proposals to contract specific buildings in specific localities. It will not be concerned with determination of all of the detailed terms and conditions which

is a proper administrative function to be carried out by the executive agency under the provisions of this act and related existing laws. The committees of Congress will expect to consider whether it is advisable to proceed with a proposal to contract for a building of a certain approximate size and type at a certain locality and whether the estimated economics as compared with other methods of securing the needed space are such as to justify the proposal. Any further details beyond these points would be the responsibility of the executive branch under the applicable provisions of law. This requirement is not to be construed as an encroachment upon nor in conflict with the responsibilities and functions of the executive branch of the Government.

In title II of the bill dealing with postal buildings there is an additional criterion that must be met before a proposal for a contract can be undertaken. This is the requirement in existing public buildings law that no area shall be eligible for construction of a post-office building by the Government unless the receipts of the post office serving such area exceed \$10,000 per year.

Title II also originally contained certain provisions which were so broad in scope that it would be possible for the Postmaster General to enter into lease-purchase agreements under which any or all of the more than 3,100 Government-owned post-office buildings now in use could be demolished and replaced with new buildings. As it was agreed that the Postmaster General did not seek nor desire such unlimited authority, the committee has recommended amendments in section 202 which would make clear that this authority cannot be applied to any Government-owned property acquired prior to this act on which a building has been constructed and is now in use for postal purposes.

Section 203 of title II deals with straight-term leasing. It is an extension of the present leasing authority of the Postmaster General which will permit greater efficiency and economy under the conditions for which its use is proposed. It will authorize the Postmaster General to enter into lease agreements for the erection of postal buildings and related facilities upon lands which may be acquired by the Postmaster General and conveyed to the lessor for this purpose. It would apply largely to special purpose, postal handling facilities. It will be used in cases where relatively long-term occupancy is contemplated but where permanent indefinite occupancy cannot be counted upon. Under such conditions, a lease-purchase contract with ultimate Government ownership probably would not be warranted, but suitable arrangements can be made with prospective lessors for the construction of these special-purpose facilities on lands selected as best located for the particular purpose under consideration. A typical example might be a building for handling parcel-post packages which must be located on a suitable site with railroad connections.

This section authorizes the Postmaster General to acquire such suitable sites and convey them to the prospective les-

sors in order that the acquisition can be carried out in such a way as to avoid the possibility of speculation by those who might attempt to take commitments on the best sites in the expectation of demanding excessive prices from the United States. It is believed that the Postmaster General can secure more efficient returns from his rental expenditures for special-purpose facilities in cases where present facilities are inadequate or obsolete.

The bill originally contained no limit on the length of the lease periods which could be executed under this authorization. The committee has set a limit of 30 years for such lease periods since it feels that if any longer term is contemplated, a lease-purchase contract under the provisions of section 202 would be preferable. The committee has also amended the section to make certain that the Post Office sites acquired pursuant to section 101 of the Public Buildings Act of 1949 as well as the existing Government-owned post offices now in use for postal purposes cannot be disposed of for the purposes of making lease agreements.

The committee has also amended section 205 so that, when any funds received from the sale, lease or disposal of property under the provisions of this title are available to be credited to current Post Office Department appropriations, any excess of the amount to be credited over the amount paid for the property shall be covered into the Treasury as miscellaneous receipts. Also, if any property acquired pursuant to the Public Buildings Acts of 1926 and 1949 should be transferred to the Postmaster General and subsequently sold or disposed of, any amounts received from such disposal shall be covered into the Treasury as miscellaneous receipts.

It may be noted that the authority to enter into agreements under this title, both for lease-purchase contracts and term leases, will expire 10 years from the date of enactment of this title.

Mr. CASE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. CASE. First, before I ask my questions of the Senator from California—and I have only about four questions to ask him—I wish to express my appreciation of diligent work the Senator from California has done on the pending bill. It is a very far-reaching bill. It goes to the general public buildings program of the General Services Administration and of the Post Office Department. Its effect will be felt in every section of the country. The Senator has certainly made a fine contribution in working out the amendments which are being proposed by the committee.

Mr. KUCHEL. I thank the Senator very much for his statement.

Mr. CASE. Of course I have a special interest in the proposal that the Administrator of the General Services Administration and the Postmaster General come into agreement with the Public Works Committees, because I am a member of the subcommittee of the Committee on Armed Services to which

is assigned the responsibility of recommending appropriations in connection with the Defense Establishment. It is a rather arduous task, I may say to the Senator from California, and if he is assigned to the task as the result of his labors on the pending bill, I am warning him he will have plenty to do.

However, to my questions:

First of all, did the subcommittee consider placing a limitation on the amount of the liability that could be incurred by either service in excess of the rental payments now existing?

What I have in mind is that the payments for a lease-purchase contract on an annual basis will probably be in excess of the straight rentals alone for the existing properties. How far does the Senator from California believe the General Services Administration or the Post Office Department should go in increasing the budgetary liabilities of the Government in any given year?

Mr. KUCHEL. I will say to the Senator from South Dakota that with respect to any restriction on the authority under the bill as it is before the Senate, either with respect to the General Services Administration or the Post Office Department, authority is given to each to utilize appropriations for rental purposes to consummate lease-purchase transactions.

The only restriction with respect to the amount of money which may be used by either agency in a series of lease purchases is that when more than \$20,000 a year is involved in rental payments the agency concerned must first come to agreement with the two committees of Congress concerned, the Committees on Public Works of the two Houses.

It was suggested—I believe I recall the testimony on that point—that there would be an additional check, in that each year the agencies, would have to appear before the Committee on Appropriations, and make representations relative to the amount of the appropriations necessary to be made for rental purposes.

To reiterate, I should say that there is no additional restriction in the bill other than those to which I have just alluded.

Mr. CASE. The experience which gives me a little concern on this point is that in dealing with the General Services Administration in connection with rentals which it has been making for the Civil Defense Administration, the Subcommittee on Real Estate and Military Construction of the Committee on Armed Services received testimony which indicated that the General Services Administration would make contracts for rentals as long as it had the money in its treasury, upon the mere statement of the using agency, in this case, the Civil Defense Administration, to the effect that the using agency had need for additional space.

When I questioned the representatives of GSA on that point, they said that it was not their business to determine the need; they accepted the statement of the using agency that it needed more space. The General Services Administration has a certain amount of money available to it for paying rentals, and they pay rentals as long as the money holds out.

If an agency wanted more space than GSA had money to provide, the using agency would have to provide the money out of its own budget.

We have endeavored within the Committee on Armed Services to check that practice by demanding a showing of need on the part of the using agency. We thought it was only proper that executive agencies should make a showing of need before executing contracts which create a budget liability for the Federal Government.

I bring up this point because, unless some specific language is written into the law, there will devolve upon the two committees a great responsibility. The responsibility will be on the Public Works Committee that it will not come to agreement with the agencies for a lease-purchase liability unless there is a definite showing of need and that the proposed building is within the actual need of the prospective using agency.

The other committee on which a special responsibility will devolve is the Appropriations Committee. That committee can put a limitation upon the administrative funds available for either the General Services Administration or the Post Office Department, and can say, "You shall not spend more than so much money in administering this program." That type of limitation has been used by the Appropriations Committees in restricting activities of the Federal Housing Administration. They would limit the funds which could be used and thereby curtail or limit the amount of public housing which could be built. I think the Appropriations Committees undoubtedly will hit upon some such method as that to control the amount of increase that might be made in an agency's budget by a possible excessive employment of this device for building public buildings on a rather lavish scale.

Mr. WILLIAMS. Mr. President, will the Senator from California yield for a question in line with the point raised by the Senator from South Dakota?

Mr. KUCHEL. I yield.

Mr. WILLIAMS. The Senator from South Dakota raised the point that the Senate Appropriations Committee could limit the annual appropriations. We are conferring, as I understand, upon the two agencies full authority to negotiate lease-purchase contracts. Once such a contract has been negotiated, can the Appropriations Committee nullify it by restricting the funds?

Mr. KUCHEL. I think the Senator from South Dakota can speak for himself better than I can.

Mr. CASE. As it has been done in connection with the Housing Administration, the funds appropriated could be made unavailable except up to a certain amount. They could do it by imposing a dollar limitation, saying that the funds made available for administrative purposes shall not be used for lease-purchase contracts which would increase the Government's budgetary liability in excess of \$5 million a year, or some such device as that. That device has been effectively used in limiting the public-housing program.

Mr. WILLIAMS. The question in my mind is, What would happen to contracts which have been negotiated before the agencies involved go to the Appropriations Committee? They can begin negotiating contracts from the date of the enactment of the law.

Mr. KUCHEL. What he says does not cover the entire situation. No so-called lease-purchase agreement in excess of \$20,000 a year in payments shall become effective for any purpose until, as the bill now provides, the two committees shall come into agreement with the agency concerned.

Mr. WILLIAMS. I was speaking about contracts below \$20,000. There would be no limitation on the number of such contracts which could be negotiated prior to the date the agencies go before the Appropriations Committee.

Mr. KUCHEL. The Senator is correct.

Mr. WILLIAMS. In view of the fact that we have conferred upon them authority to negotiate these contracts without any limitations, could the committee cancel them at a later date without creating claims for damages against the Government?

Mr. KUCHEL. There would, of course, be at least a moral right on the part of the injured lessor to the extent he should be out of pocket under a contract which Congress suddenly said would not be continued. I suppose he would have a claim which he could prosecute. But throughout history we have given these agencies and other agencies, I suppose, the unlimited right to enter into straight leaseholds. We have permitted the Post Office Department to enter into a leasehold, writing its own ticket as to the amount of monthly payments to be made, and as to the time involved, and in some instances, which the Senator and I were discussing earlier today, I indicated that we had evidence that the Post Office Department had rented the same piece of property for as long as 50 years and, presumably, had paid over and over again the amount of money which the building had cost. I say that because it seems to me that when we have entrusted Government agencies with the right to make leases, we might as well consider entrusting them with the right to make lease-purchase contracts, particularly when they must do so under the restrictive provisions of the bill.

Mr. CASE. Mr. President, will the Senator from California yield further?

Mr. KUCHEL. I yield.

Mr. CASE. With respect to the question raised by the Senator from Delaware, it might also be observed that that situation would exist with respect to contracts which the Administrator and the Postmaster General might hurriedly make between the date of the enactment of this bill and the first appropriation bill providing funds for those particular agencies. At the very first opportunity the Appropriations Committee can place a limitation upon the funds and say they are administrative funds and shall not be employed to service any more than so many lease-purchase contracts. They could revert

to the old public building limitation, which I hope they will not do, of one building for each congressional district. Our experience over the years with the former building program clearly demonstrated that providing one post-office building for a congressional district resulted in a very antiquated distribution of post-office buildings and did not meet the needs of the Government.

I used to represent the Second Congressional District of South Dakota, in which there were no large cities. At one time four towns were eligible for new post-office buildings. By a fortuitous combination of circumstances we concluded matters with respect to those eligible towns in a couple of years. At the same time the First Congressional District in my State had 27 eligible towns. On the basis of building one post-office building a year in a congressional district, it would obviously take 27 years in that district, whereas it took only 4 years in my old congressional district, and during that time there would be other eligible towns.

The idea of allocating one post-office building to each congressional district meets certain practical problems in the House of Representatives, when a public building bill is under consideration there, but it does not meet the needs of the Government.

Mr. KUCHEL. I agree with the Senator.

Mr. CASE. I think this bill offers a sound basis for a new approach to the public building program. At the same time, it seems to me that Congress should be alert to keep control of the purse strings, and not to make it possible for either the Administrator of General Services or the Postmaster General to march forth and to engage in the negotiation of an unlimited number of lease-purchase agreements, which presumably would involve heavier annual payments than would the straight lease arrangements.

Mr. KUCHEL. I completely agree with the Senator from South Dakota on that point. It is true that the restrictions which the committee provided would not be a complete guaranty of the level of lease-purchase agreements which the Senator feels would be wise and reasonable, and I agree with him.

On the other hand, in addition to all the restrictions placed in the bill, I think the Senator has suggested additional means by which congressional control of the lease-purchase program can be carried on.

Mr. CASE. I have three questions, merely of a clarifying nature, which I desire to ask. First, does title pass to the Government, so that taxes cease; or for how long will the property be liable for taxes?

Mr. KUCHEL. The provisions of the bill are that the lease-purchase agreements shall run for a period of between 10 and 25 years, depending on the negotiations between the Government and the lessor. Title would pass as of the time the payment contracted by the Government to be paid to the private individual had been completely made. The bill

specifically provides that ad valorem taxes by State and local governments will continue to be paid until the title passes; and title will not pass until the Government's commitments for payment of the contract shall have been completely satisfied.

Mr. CASE. My second question relates to additions to existing buildings. I noted, in looking over the eligible post offices, that the Post Office Department, in many instances, expects to remodel and make additions. Does the bill make possible the handling of an addition to a building, as well as the erection of an entirely new building?

Mr. KUCHEL. First, I shall read from page 9 of the bill, line 9:

(b) Except as provided in subsection (d) of this section, the Postmaster General is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuant of the terms of applicable lease-purchase agreements.

Subsection (d), on page 10, provides as follows:

(d) The authority conferred on the Postmaster General by subsections (b) and (c) of this section to enter into lease-purchase agreements with respect to property owned by the Government on the date of the enactment of this act, is hereby restricted to exclude from such authority any site which has been acquired pursuant to law, prior to the enactment of this act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

So the Postmaster General may not, on existing property, with existing buildings now in use, exercise any lease-purchase rights of improvement.

Mr. CASE. How would he make an addition, then, to a building which the Government already owns, on a site which the Government already owns?

Mr. KUCHEL. I suppose that if the Government has title to the real property on which a post-office building is erected, and the Government wanted to remodel the building, a lease-purchase transaction would not be available, because the improvements would be to a building to which the Government already had title. I should rather imagine that where the Government owned the fee and occupied the building, it could not use the tool of lease-purchase to improve or to remodel the building. That would be my opinion.

Mr. CASE. In other words, it would be necessary to have a public building program to take care of additions, wherever there might be need for them?

Mr. KUCHEL. I think so, wherever the Government already owned the buildings, as was the case in the Senator's example.

Mr. CASE. My third question relates to the language which is in italics on page 12, as follows:

Provided, That the Postmaster General shall not, for the purposes of this section, dispose of (1) any Government-owned property, or interests therein, acquired pursuant to section 101 of the Public Buildings Act of 1949 (63 Stat. 176) or (2) any Government-owned property, or interests therein, which

has been acquired pursuant to law, prior to the enactment of this act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

Proviso (B) which is attached to paragraph (b), on page 12, authorizes the Postmaster General to "dispose of real property, and interests therein, acquired for use or used for postal purposes by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States."

I have particular reference to the situation which exists at Rapid City, S. Dak. At the time of the last Public Buildings Act, the act of 1949, several cities or towns eligible for post offices or additions in the Second Congressional District of South Dakota were canvassed. The Post Office Department determined that the greatest need existed in the city of Rapid City. The Post Office Department already had a building there, which had been erected 30 or 40 years earlier. In any event it had been built when the city had a population of about 7,000. Today, the population of Rapid City is about 37,000, and the post office handles the mail not only for the city, but also for a large airbase having a population in excess of 10,000.

So the building which was once designed to serve a town of 7,000 population is now serving a city population and a nearby population of about 40,000 or 50,000. Obviously, the post office of Rapid City is heavily burdened, and the Post Office Department has said that that is the place which should receive first consideration. From the first \$12 million made available from the first \$40 million authorized in the 1949 act, the Department made an allocation in order to buy a site. To obtain the best site involved a trade of the existing facility with the city of Rapid City. For one reason or other, that was delayed, and the funds were finally frozen.

I fear that under this provision of the bill the Postmaster General would be forbidden to use the existing building site, which is used for post-office purposes at the present time. I fear he would be forbidden to use the existing building site in his negotiations for a building to be constructed on another site, under the terms of the Lease-Purchase Act. Am I correct?

Mr. KUCHEL. I may say to the Senator from South Dakota that the specific provision to which he now refers is not connected with the lease-purchase situation. It is entirely concerned with the authority of the Postmaster General to enter into a lease—simply a straight lease. However, the bill specifically provides that the Postmaster General shall not dispose of any of the presently owned post-office building sites which were acquired in the past by the Postmaster General for the ultimate building of post-office buildings. The specific section, I may say to the Senator, would not restrict the Postmaster General with reference to the purchase to which he has referred.

Mr. CASE. It is the Senator's opinion, then, that where the Government does have an existing building and site

which are presently being used for post-office purposes, such property can be used in the negotiation of a lease-purchase contract as partial payment for a new building and site.

Mr. KUCHEL. I may say to the Senator from South Dakota that it is the intention of the committee and the purpose of the bill, as the committee understands it, to permit the Postmaster General to utilize the lease-purchase transaction, and have a building erected on property which the Postmaster General, representing the Government, now owns; and it would be entirely a part of a lease-purchase transaction, contemplating transfer of title from the Government to the private individual who would erect the building, and the Government would pay for it thereafter.

Mr. CASE. And the Postmaster General could use the present property as a partial payment for the new property?

Mr. KUCHEL. Yes, that is my understanding, and I am sure it is the understanding of the committee. It may be that such a transaction would have to be done by the General Services Administrator.

Mr. CASE. If, on an examination and review of that particular point by the Senator from California or by the staff there is any confusion because of the language I have cited, or any other provision in the bill, I trust the Senator from California will bring it to the attention of the Senate before the bill is passed.

Mr. KUCHEL. I shall do so.

Mr. MARTIN and Mr. BARRETT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from California yield; and if so, to whom?

Mr. KUCHEL. I yield first to the distinguished chairman of the committee, the senior Senator from Pennsylvania [Mr. MARTIN].

Mr. MARTIN. I wished to inquire a little further along the line which was developed by the Senator from South Dakota. As I understand the chairman of the subcommittee, the provision he has been discussing would simply mean that the Federal Government would acquire title to needed property in a shorter time, by using proceeds from the property as the amount which the Government could make as a payment on the new property. Is that correct?

Mr. KUCHEL. The bill would authorize either the General Services Administration or the Postmaster General to use a new approach in acquiring suitable governmental space; and to use it where it would be to the interest of the Government. Is that what the Senator is asking?

Mr. MARTIN. The property which the Government already owns would be used as a payment on the new property which certain individuals may erect for the use of the Government, and that would mean that the Government would secure title that much earlier in comparison with the amount of payment it might make. Is that not a correct statement?

Mr. KUCHEL. As the Senator suggests, it is the intention of the bill to permit the Government-owned unim-

proved real property to be used as a partial payment for the erection of a suitable public building for the Government, and title would revert back at the end of the pay period. The Senator is correct.

Mr. MARTIN. Mr. President, I wish to compliment the chairman of the subcommittee for the fine work he has accomplished. I also wish to express publicly my appreciation of the work of the senior Senator from Florida [Mr. HOLLAND]. When there was a new arrangement of the various subcommittees of the Committee on Public Works, the Senator from Florida was transferred to the Subcommittee on Roads, but, at my request, he completed his work on the pending bill. I know that all the members of the committee have given an enormous amount of thought and consideration to the bill, because it is an entirely new endeavor so far as the United States Government is concerned.

I desire publicly to express my appreciation of what the subcommittee has accomplished. The hearings on the bill were started during the last session of the Congress, and were not completed until the present session.

Mr. KUCHEL. I thank the Senator from Pennsylvania very much, and I wish to express my indebtedness to the able and genial Senator from Florida, who assisted and guided me in the deliberations of the subcommittee, and to the other members of the subcommittee, and, indeed, to the members of the full committee, which considered the bill.

I now yield to the Senator from Wyoming.

Mr. BARRETT. I thank the distinguished Senator from California, and I wish to compliment him for the fine work he has done on the bill now pending, and for the splendid presentation which he has made.

Mr. KUCHEL. I thank the Senator from Wyoming.

Mr. BARRETT. I am concerned about a few items in the bill. I should first like to ask what rate of interest the Government will be required to pay on the deferred payments.

Mr. KUCHEL. That is left to the sound discretion of the negotiating agency, and to that extent the bill is silent.

Mr. BARRETT. In other words, there is no limitation beyond the lawful limit on interest which may be paid in any given State?

Mr. KUCHEL. That is correct.

Mr. BARRETT. A couple of other items have somewhat disturbed me. On page 13 of the bill, section 204 states that the Postmaster General may enter into an agreement for the payment of taxes, with the provision that they may be raised or decreased, as the case may be, from year to year.

Then on page 11, subsection (h) of section 202, states:

With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

A moment ago the Senator stated that the property would be subject to taxes until the expiration of the contract. So

I was wondering if the committee had in mind that sometime between the beginning of the contract and its termination, the Government would be relieved of some portion of the taxes.

I may say to the Senator from California that in the State of Wyoming, when State property is sold, such as school, and university lands, the purchaser is required to pay taxes on the interest which he has in that particular property. So the reverse ought to be true in the bill now under consideration.

It seems to me that we are establishing by this bill a different policy with regard to taxes on buildings acquired under this bill and Government constructed properties of similar character.

I was wondering if the committee gave any consideration to the possibility of the Government's paying taxes on that interest in the building represented by that portion of the indebtedness which is unpaid, or in the alternative acquiring title sometime during the lease-purchase agreement, and giving a mortgage back. I am not sure that is possible but that is the ordinary way in which transactions of this type are handled.

In any event, it seems to me that there is a wide discrepancy between a post office building in a given city where the Government will pay taxes even though indirectly for 10 to 25 years, and a post office building in another community where considerably more money has been invested in a post office and no taxes at all are being paid.

Mr. KUCHEL. The Senator has raised a highly interesting problem, which was discussed in the committee informally. It is true that where the Government commences payments to the lessor under a lease-purchase agreement, the Government acquires, payment by payment, an increasing moiety in the equitable ownership of the property, which I know is taken into consideration in some States in determining the taxes on the remaining equitable interest, and I believe different States handle that in different ways.

But I think the Senator will agree that the Congress could provide, as is attempted to be provided on page 11, in line 12, that these properties shall be subject to State and local taxes until title—and by that I mean title in fee—vests in the Government. It is true, and I think the Senator is completely correct, that that will mean the rental payments the Government makes will be inclusive of the ad valorem taxes that finally are passed on by the lessor; but I wish to say to the Senator that with respect to the provisions on page 13, in line 7, to which he referred, I contend that actually they are mere surplusage, and that if the Senator, able lawyer that he is, were negotiating with the Government, when representing a lessor, he would include, I am sure, a provision to the effect that if the ad valorem taxes of the city in question were raised, he would have a right on behalf of his client, to pass on those ad valorem tax increases and to make the Government pay them.

Mr. BARRETT. I thank the Senator from California.

Mr. KUCHEL. I thank the Senator very much.

Mr. CARLSON. Mr. President, will the Senator from California yield to me?

The PRESIDING OFFICER (Mr. SCHOEPPPEL in the chair). Does the Senator from California yield to the Senator from Wyoming?

Mr. KUCHEL. I yield.

Mr. CARLSON. First, I wish to express my appreciation to the chairman of the subcommittee who has reported the bill, and also to the Public Works Committee which considered it. I think it represents an important step toward a lease-purchase building program which the Government should undertake.

As a former Governor of the State of Kansas, I had some experience along this line when the State undertook to acquire some buildings, by means of a lease-purchase arrangement; and I know such a program can be carried out, and that it can be carried out at a considerable saving to the Federal Government. The Government now spends vast sums of money in rentals, so why not have the Government use for the purchase of buildings it will own some of the money which otherwise it would have to pay in the form of rental?

I wish to address myself to title II, dealing with the Post Office Department—an agency with which I am somewhat familiar. It seems that in its zeal to protect the Government the committee has gone so far as practically to nullify the effect of the bill with respect to the Post Office Department.

I heard the colloquy between the Senator from California [Mr. KUCHEL] and the junior Senator from South Dakota [Mr. CASE] in regard to the text of the bill beginning in line 18, on page 12, and continuing through line 3, on page 13. If I read that text correctly, it would make it impossible for the Post Office Department, under a lease-purchase plan, to erect a building on land the Federal Government already owns.

Mr. KUCHEL. To what point of the bill is the Senator from Kansas referring?

Mr. CARLSON. Page 12, line 18.

Mr. KUCHEL. Let me say, by way of explanation, that the entire section to which the Senator from Kansas refers—it begins on page 11, on line 16—is separate and apart from the lease-purchase authority conferred by the bill, and is concerned entirely with the expanded authority on the part of the Postmaster General to enter into simple leases.

Mr. CARLSON. Then let me ask the distinguished Senator from California if he means that the section to which he has just referred—section 203—has nothing to do with lease-purchase?

Mr. KUCHEL. The Senator from Kansas is entirely correct.

Mr. CARLSON. Then that clarifies that situation somewhat.

Now let us consider the language on page 10, beginning in line 4, and extending through line 12. I assume it does deal with lease-purchase.

Mr. KUCHEL. That is correct.

Mr. CARLSON. It states very specifically:

(d) The authority conferred on the Postmaster General by subsections (b) and (c) of this section to enter into lease-purchase agreements with respect to property owned by the Government on the date of the enactment of this act, is hereby restricted to exclude from such authority any site which has been acquired pursuant to law, prior to the enactment of this act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

If I correctly understand that section, it means that any property the Federal Government owns, with or without buildings—

Mr. HOLLAND. No; with buildings.

Mr. ANDERSON. With buildings.

Mr. KUCHEL. That is correct.

Mr. CARLSON. With buildings?

Mr. KUCHEL. Yes.

Mr. CARLSON. In other words, if the Federal Government has on a piece of land a building which is not in keeping with the needs of the Post Office Department, the Postmaster General will not be able to touch either the land or the building; but he could purchase a new tract of land and erect a building upon it. Is that correct?

Mr. KUCHEL. Yes.

Mr. CARLSON. It seems to me that is a provision which should receive some thought, because I do not think such an arrangement would be entirely justified. There might be occasions when it would be justified; but if such a provision is to be included in the bill, certainly the Postmaster General should be authorized to use old property, including the post office buildings on it, in a way that would be in keeping with the needs of the Department and the needs of the city. I think some problems are presented by this provision.

Mr. KUCHEL. As I recall the discussion of the provision in the committee, it was to the effect that the committee did not desire to grant completely unrestricted authority to any governmental agency, and did not wish to permit the several thousand post office buildings now owned by the Government and used by the Government to be utilized in connection with a lease-purchase arrangement or contract.

Mr. CARLSON. I appreciate the committee's position, and I think there is much merit to it. On the other hand, it appears to me the bill would restrict and limit the powers of the Postmaster General to such an extent that the bill itself would not accomplish what it is contemplated it should accomplish. After all, in section 202 the bill provides some limitations; on page 8 there are several requirements which must be met before the Postmaster General can submit a building program.

Furthermore, the bill, as drawn, provides that any proposed lease-purchase agreement calling for the expenditure of more than \$20,000 a year must be submitted to the Public Works Committee of the two Houses of Congress. That is another provision which I think will have a retarding effect in getting construction underway, for the simple reason that I trust Congress will not be in session 12 months a year. So I believe amendments should be offered to ease

the application of some of these provisions.

I thank the Senator from California for his kindness.

Mr. HOLLAND and Mr. DIRKSEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from California yield; and if so, to whom?

Mr. KUCHEL. I yield first to the Senator from Florida, who is a member of the committee, and who greatly assisted the chairman of the subcommittee. I think he was in large part responsible for the provision to which the distinguished Senator from Kansas [Mr. CARLSON] has alluded.

Mr. HOLLAND. Mr. President, I wish to retrace a little of the ground which has been covered by the distinguished Senator from Kansas. The portion of section 203 which deals with straight lease arrangements is found in subparagraph (B) of paragraph (2) of subsection (a). The particular language to which the Senator from Kansas refers begins in line 18, with the word "Provided." I believe that was the first segment of the bill to which the Senator addressed his question. The language is as follows:

Provided, That the Postmaster General shall not, for the purposes of this section, dispose of (1) any Government-owned property, or interests therein, acquired pursuant to section 101 of the Public Buildings Act of 1949 (63 Stat. 176) or (2) any Government-owned property, or interests therein, which has been acquired pursuant to law, prior to the enactment of this act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

In that proviso the Postmaster General is prohibited from disposing of real property in two classifications; first, properties which have been acquired under the 1949 program, of which there are approximately 340; and second, properties on which post offices have been erected, and are being used as post offices, which include about 3,100 properties, as the committee was advised. Under this provision the Postmaster General, as such, is prohibited from entering into straight lease agreements with respect to those two classes of property. In other words, he cannot cause to be built on those two classes of property buildings which he leases, title to which will not come back to the Government. I think that is quite clear.

Now if the Senator will turn to the provision in section 202 which is the one dealing with lease-purchase, particularly subsection (d) of section 202, he will find the other provision to which he referred. It reads:

(d) The authority conferred on the Postmaster General by subsections (b) and (c) of this section to enter into lease-purchase agreements with respect to property owned by the Government on the date of the enactment of this act, is hereby restricted to exclude from such authority any site which has been acquired pursuant to law, prior to the enactment of this act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

That means that the Postmaster General is excluded from the authority to

enter into a lease-purchase arrangement with respect to a post office building now in existence on Government property. A familiar example would be county-seat post office buildings throughout the Nation.

The Senator will note, however, that there is in subsection (g) of section 411, under title I, a provision which relates to the General Services Administration, and which would still allow the Postmaster General to avail himself of the services of the General Services Administration in cases in which he is unable to proceed because of the prohibitions which I have just mentioned.

As I understand, it would still be within the authority of the Postmaster General to follow the course which is laid down in subsection (g) by bringing the General Services Administration into the picture. The committee's reason for permitting that arrangement to continue—by the way, the arrangement embodies the exchange of real property, as the Senator will see by going back and reading the whole of section 411—is that the Post Office Department has been regarded as quite a political department. Frequently it has been headed by the person who has managed the campaign of the successful candidate for President. It is subject to peculiar political influences, because of the fact that postmasters are appointed as they are, and the fact that so many of the employee vacancies, even in the civil service, are filled as they are.

The experience of the committee with the General Services Administration has been very satisfactory. It has not been subject to some of the possible influences which I have just mentioned with reference to the Post Office Department. So the provisions which permits of exchange of the mentioned Post Office properties is left in the bill, but is made applicable only through the General Services Administration.

Let me say before I resume my seat that I very greatly appreciate the kind comments made concerning my limited services in connection with this bill, both by the distinguished chairman of the subcommittee and the distinguished chairman of the full committee. It has been a pleasure to work with them and with all other members of the committee.

I hope this bill will be enacted, because of the long absence of a building program, because of the fact that it is quite clear that there will not be a building program in the near future, because of the unsatisfactory condition of housing with respect to post offices throughout the land and with respect to many other branches of the Government, and because of the fact that some areas of the Nation have grown very rapidly, and have not had the benefit of any public building construction during the period of their rapid growth. I think it is highly necessary that the bill be passed so that we may avail ourselves of the private capital which is available, and of the carefully drawn provisions of the bill as it now stands, which I believe will result in our obtaining a great many new office buildings, post office buildings, and the like, which will make possible a much more effective public service.

Mr. ANDERSON. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. ANDERSON. I, too, would like to compliment the junior Senator from California for doing a fine job. I know he has worked very diligently on the bill. I have had previous discussions with him, but for the sake of the record, I am very anxious, as is the junior Senator from South Dakota [Mr. CASE], with respect to his State, to clear up a situation which exists in my home city, in my home State.

Will the General Services Administration be able to allow a building to be constructed on land which already belongs to the Government? I ask the question because in the city of Albuquerque, which has grown very rapidly in the past few years, and where Government activities have increased very substantially, the Government owns a very fine piece of property. It is located across the street from the present Federal building. This piece of property is 142 by 250 feet. The Government paid approximately \$200,000 for it, and it probably is worth considerably more than that today.

There is a great deal of interest in the question whether this particular piece of ground is to be traded off. The Government acquired by condemnation the corner belonging to the YWCA, at a price of \$67,000. If the YWCA could have hung on to it a few years, it could have obtained \$200,000 for it easily today. It is felt that if the Government is to trade it off, it should trade it back to the YWCA, since the property was taken by condemnation for Government purposes, and it is felt that it should not be used for anything else.

This case is cited merely to give the Senator a little background. Federal office facilities in Albuquerque are now inadequate. The Government is now renting 200,000 square feet of space. Long-range plans of the General Services Administration call for a building with space of 150,000 square feet. On the land now owned, that would require about a five-story building. The Government has not erected a post office building on the land. There are a few small buildings left scattered over the area, but nearly all of it has been cleared.

Is it the opinion of the Senator in charge of the bill that the Government would be able to use the land and offer a lease arrangement to a builder for the construction of a 5-, 6-, or 7-story Federal building, which the Government could lease and eventually purchase in that fashion under the terms of this bill?

Mr. KUCHEL. I will say to my good friend from New Mexico that he need have absolutely no fear with respect to the specific authority being available under the bill to the General Services Administration to utilize such a piece of property in a city in the State of New Mexico for a lease-purchase transaction under which a modern Federal office building could be provided in that community.

Mr. ANDERSON. I thank the Senator very much. I should like to ask him one other question. Would the \$20,000

limitation on page 4, line 12, of the bill restrict in any way the size of the building that might be erected?

Mr. KUCHEL. Not at all.

Mr. ANDERSON. It would restrict permission for it, but it would not restrict the size of the building. Is that correct?

Mr. KUCHEL. That is correct. I will say to the Senator from New Mexico that it was the committee's judgment that the two Public Works Committees should come into agreement, again using the language of the bill, only in connection with those proposed lease-purchase contracts which would be of a large economic size; and the \$20,000 figure was accepted by the committee as the cutoff figure between what could be accomplished without coming into agreement with the committees and what could not be accomplished without such agreement.

Mr. ANDERSON. In other words, it is a restriction on the size of the agreement, but not on the size of the building.

Mr. KUCHEL. The Senator is exactly right.

Mr. ANDERSON. At page 37 in the report entitled, "Public Building Construction Projects Outside of the District of Columbia," which is a letter from the General Services Administrator and the Postmaster General, issued as House Document 224 in 1951, there is contained a list of buildings in New Mexico.

It shows at Albuquerque a post office at \$3 million, and a Federal office building at \$7,400,000. It is entirely possible that the location now available is not extremely desirable for the post office addition, and the Post Office Department might want under a lease-purchase agreement to put the additional plant somewhere else where it does not own real estate.

However, it is my understanding that if it wants to put the Federal office building on the property which it does own, it may proceed to do so if it prepares plans and negotiates contracts and submits them to the Public Works Committees.

Mr. KUCHEL. The Senator is correct.

Mr. ANDERSON. I thank the Senator very much. The people of my community have been anxious to know whether they have to trade off this piece of ground, which is in the very heart of the city, and pick out isolated tracts in other parts of the city, because the man who owns the outlying property might be willing to put up a building, or whether they could use this valuable piece of property, condemned by the Government, for the purpose for which it was condemned. If that can be done under the bill, as the Senator from California assures me it can, then I believe he has done our community a great service by bringing forward this bill.

Mr. KUCHEL. I thank the Senator. I believe there we have the fundamental reason why this type of bill, in the form in which the committee finally approved it, ought to be adopted, because it would give to communities of the State which in part the junior Senator from New Mexico so ably represents, and in the

State from which I come, as well as in all other States, an opportunity to have buildings erected in accordance with the same type of transaction the Senator used as a young man when, perhaps, he contracted for the building of his first home, on time payments.

Mr. ANDERSON. I thank the Senator.

Mr. WILLIAMS, Mr. CASE, Mr. DIRKSEN, and Mr. KNOWLAND addressed the Chair.

Mr. KUCHEL. I apologize to the Senator from Illinois. I should like to yield to him next.

Mr. DIRKSEN. I may say that presently I intend to offer an amendment to the section which requires that there be agreement on the part of the two Committees on Public Works of Congress. I shall submit the amendment later, and I may say in all kindness that I believe that section to be an invasion of an administrative function. It constitutes the reason why a similar bill was vetoed in 1952.

Therefore, I shall not labor the point with my good friend at the moment, except to salute him and to say that the bill is actually a consummation of 3 or 4 years' effort in this field. I earnestly hope that the bill may be engrossed on the statute books, but I would not want to be a party to the effort of sending it to the White House if I had the reservation that perhaps the President might veto it. I may say in all good conscience, having examined the ministerial functions of the committees of Congress, that if I were in the White House, with the regard I have for the doctrine of the separation of powers under the Constitution, I would veto the bill.

So I think I should say in all kindness and conviction that I shall offer the amendment for the consideration of the Senate.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. DIRKSEN. I shall be glad to yield on my own time.

Mr. KUCHEL. I shall reserve my comments on the amendment which the able Senator from Illinois wishes to offer until he offers it, because I feel rather strongly on that subject.

When I had the honor to be the controller in the government of my State I participated in lawsuits which revolved around the same subject. I shall make my comments when my able friend from Illinois offers his amendment.

Mr. STENNIS. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield to my friend from Mississippi.

Mr. STENNIS. I should like to have the attention of the Senator from Illinois [Mr. DIRKSEN]. He mentioned a very important section of the bill. It is one of the major safeguards in the bill in connection with the new policy. It is similar to the safeguard which is being used every day. Millions of dollars are being spent by the military services under this same system. Certainly it is not an innovation or any invasion of the prerogatives of the executive department. Without such a safeguard in the bill I could not support it. I believe the

fact that such a provision was in the bill was a major part of the consideration which resulted in the bill being reported by the committee. I appreciate the Senator's sentiments and his right in the premises, but, in many respects, that provision is the heart of the bill.

Mr. DIRKSEN. Mr. President, will the Senator from California yield for an observation?

Mr. KUCHEL. I yield.

Mr. DIRKSEN. The fact is that the Chief Executive has constantly and consistently resisted this kind of encroachment on the executive power. It did get into a military construction bill under circumstances—and I am drawing entirely on memory—because of which it was extremely difficult indeed for the President to do other than to sign the bill. However, wherever the issue has been clear cut, I believe the Chief Executive has always manifested his right to reject it. It must not be forgotten that under the language that is contained in the bill agreement is required by the Public Works Committees of Congress. What is involved is a ministerial function; it does not pertain to the power of the purse, and yet there is a delegation by the Senate and the House to two committees of power to take part in the agreement before a lease-purchase contract can be made valid. It goes further than any proposal which has ever come to my attention in the Senate or in the House. For one thing, we must assume responsibility for it. But it does place in the Public Works Committees of the Senate and the House a veto power which, under our political system, could make a complete nullity of the whole program.

As a Member of this body, I am not yet willing to delegate that kind of power to any committee, even though I may be a member of it. I understand the circumstances by which it got into the military construction bill and why it is a clear issue. I should like to ask my friend from California this question: Has not the Attorney General sent a letter to the committee with respect to this provision?

Mr. KUCHEL. In answer to that question, I may say to my friend from Illinois that during the hearings by the subcommittee last January 21 it was suggested to the attorney for the General Services Administration that the views of the Attorney General upon the exact subject to which the Senator now alludes be obtained and be made a part of the record. It was not until a matter of hours ago that it was brought to my attention by the chairman of the committee that the Attorney General of the United States, acting through one of his assistants, had indicated a doubt as to the constitutionality of that provision of the bill. I say, frankly, that that is the factual situation.

I now yield to the Senator from South Dakota.

Mr. CASE. Mr. President, I wish to revert to the matter which we were earlier discussing with respect to the use of existing post office property in the development of lease-purchase contracts.

Mr. KUCHEL. Does the Senator refer to unimproved property?

Mr. CASE. No; I refer to improved property.

Earlier the Senator gave an affirmative response to my question. I am sure there are scores of other instances of towns or cities having outgrown their existing postal facilities where it would be obviously to the advantage of the Government to utilize the existing property. I think the Senator from California gave an affirmative answer by saying he thought the bill did permit that. The Senator from Florida has pointed out the provision on page 5 of the bill, which states that when requested by the Postmaster General, the Administrator of General Services is authorized to exercise the authority vested in him to acquire property for postal purposes, or to provide space for postal purposes in buildings acquired for other purposes.

To make it specific, would the Senator from California join in what I understood to be a correct statement by the Senator from Florida, that through the Administrator of General Services existing postal property may be used in connection with an exchange or as a proper payment under an existing contract?

Mr. KUCHEL. My answer would be, Yes. We are speaking, now, about a post office building actually in operation today which the Senator would desire to use in a lease-purchase contract for a new post office building. The Senator is correct in saying that that lease-purchase transaction could be effected through the General Services Administration, but not by the Post Office Department.

Mr. CASE. It probably was the philosophy of the committee that the Administrator of General Services is more in the real estate business than is the Post Office Department, inasmuch as he is the person who disposes of real estate which has been declared to be excess so far as the needs of the military services or of other branches of the Government are concerned. He is the real estate transactions man, so to speak, of the Government today.

Mr. KUCHEL. I think that was one of the motivating reasons for the committee's action.

Mr. CASE. Let me say that the provision in the law relating to real estate and military construction has been operating quite satisfactorily, so far as I know. I had nothing to do with initiating it. I merely inherited it on the Armed Services Committee.

But the cold, hard fact is that real estate requests have been pared down as a result of the suggestion of the committee, and the fact is that construction programs have been revised. It is also a fact that when the Secretary of Defense, under the Eisenhower administration, took a new look at the military construction program, he worked with the Armed Services subcommittee dealing with this subject, and we were able to save several million dollars.

I hope that whatever the Senator from Illinois has in mind in the nature of an amendment will not destroy the intent

of the committee in reporting this bill with this amendment. The record clearly shows that the operation of a similar provision in connection with military construction has saved the purchase of real estate and the taking of real estate from private owners, such as homesteads which the owners did not want to give up. It has prevented some military installations from being excessive in cost, and in a few instances it has actually resulted in a review of requests for military installations, notably one in French Morocco, which the Defense Department said was not needed.

Mr. KUCHEL. I think the Senator has made a very good argument.

Mr. WILLIAMS. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. WILLIAMS. Did I correctly understand from the statement of the Senator from California that the Post Office Department could, by transferring a presently owned post office property to the General Services Administration, trade it in in negotiations for the construction of a post office at another site?

Mr. KUCHEL. Yes. As the bill came from the House there was no restriction with respect to any type of property. The committee added a number of restrictions. In this instance it added the restriction that the Post Office Department itself—and the Senator from Florida will recall this, because I think he was the sponsor of it—should not utilize existing post office construction in lease-purchase contracts.

It did nothing, of course, to touch the right of the Post Office Department to enter into lease-purchase contracts on the many, many unimproved sites which it now owns, which, presumably, were originally purchased in order some day to erect a new post office building thereon.

What the Senator from Florida said a moment ago is correct, that there is no such restriction with respect to the General Services Administration. So the Post Office Department, under this bill, would have the right to ask the General Services Administration to dispose of the post office in City A and enter into a lease-purchase contract to build a new one.

Mr. WILLIAMS. Mr. President, will the Senator from California yield further?

Mr. KUCHEL. I yield.

Mr. WILLIAMS. With reference to the situation pointed out a moment ago by the Senator from New Mexico [Mr. ANDERSON], regarding property which the Post Office Department owns in Albuquerque at the present time—

Mr. KUCHEL. The General Services Administration?

Mr. WILLIAMS. I do not know which agency it is. But if the Post Office Department owned it, what would prohibit the Post Office Department from taking this property, transferring it to the General Services Administration, and then entering into an agreement to construct a building in another part of the city, and use the property, which they now own, and which would be transferred to the General Services Administration,

as part payment for the new property?

Mr. KUCHEL. Let me see if I understand the situation correctly. First, the Senator from New Mexico raised a question pertaining to a piece of property owned by the General Services Administration, which I answered, in behalf of the committee, by saying that it was exactly the type of lease-purchase transaction the committee and the bill intended to permit.

The Senator from Delaware raises another question. Will the Senator restate it?

Mr. WILLIAMS. Would it be possible to take the property which they now own in Albuquerque in exchange for property in another area of the city, and to use the presently owned property as partial payment under the contract?

Mr. ANDERSON. I should like to hear the answer to that question, because I wonder if that building could be traded without someone knowing about it.

Mr. WILLIAMS. If they can trade a piece of property which has a building on it, what is to stop them from trading the building before they erect a building?

Mr. KUCHEL. Will the Senator ask his question again?

Mr. WILLIAMS. If, as the Senator from New Mexico has just pointed out, they can trade without restriction a property, which has a building on it, or, as the Senator from New Mexico has pointed out, a piece of property on which there is no construction, but is simply a vacant lot, what is to prevent them from turning the property over to the General Services Administration, to be used as a down payment in the negotiation for a building to be constructed in another section of the city?

Mr. KUCHEL. In another city?

Mr. WILLIAMS. No; in another section of the same city.

Mr. KUCHEL. I do not think there is anything to prevent that.

Again, I say that when the bill came from the House, there was no restriction of any kind or character contained in it with respect to any property presently owned by the General Services Administration or the Post Office Department, improved or unimproved.

The committee, however, with respect to the Post Office Department, wrote in a restriction providing that a lease-purchase transaction could not be entered into with respect to property on which there was now located a post office which was being used as such.

The committee did nothing, however, with respect to the overall right of the General Services Administration, on the request of the Post Office Department, as the language at the bottom of page 5 provides, to carry out, in its discretion, such request as the Post Office Department or Postmaster General might make of it.

I observe the Senator from Florida on his feet. I think he was mainly responsible for this recommendation in the committee. I will ask him whether I have made a fair statement of the position of the committee and whether he desires to comment further on it.

Mr. HOLLAND. I thank the distinguished Senator from California. I think he has made a fair statement of the situation.

In commenting further, I wish to call the attention of the distinguished Senator from Delaware to two provisions in the bill, which I believe have not been mentioned in the debate so far. But they appear in the bill by the suggestion of the General Services Administration itself, as applicable to itself. The language of the first provision appears on page 5, lines 13 to 21, inclusive, as follows:

That the Government real property to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall, except as provided in section 205 of the Post Office Department Property Act of 1953, be covered into the miscellaneous receipts of the Treasury of the United States.

That makes it very undesirable, of course, from the factual standpoint, for anyone to trade highly desirable and valuable property, which has enhanced greatly in value since its purchase, such as the property mentioned by the Senator from New Mexico. The committee thought this language would practically exclude any such possibility.

There was no such provision as that in title II applicable to the Post Office Department, and the committee suggested the inclusion of the same sort of provision, and it is found on page 13, lines 19 to 24, inclusive, as follows:

Provided, That any amount received by the Postmaster General from the sale of such property, under authority of this title, which exceeds the amount paid therefor from the appropriations for the Post Office Department, shall be covered into the Treasury as miscellaneous receipts.

The committee felt that these two provisions would pretty largely exclude the possibility of doing that which has been suggested by the distinguished Senators.

Mr. WILLIAMS. I appreciate the explanation made by the distinguished Senator from Florida. The committee may have considered the point regarding the Post Office Department, but I point out—and I think I am correct in this statement—that if the Post Office Department wished to bypass this provision, all that would be necessary to be done would be to turn the property over to the General Services Administration, to negotiate in the name of the General Services Administration, and any property owned by the United States Government could be traded off.

ORDER FOR RECESS UNTIL TOMORROW

Mr. KNOWLAND. Mr. President, will the Senator from California yield for a unanimous-consent request, which certainly should not take more than a minute?

Mr. KUCHEL. I yield.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors this after-

noon, it stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSTRUCTION OF PUBLIC BUILDINGS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a communication which I have received this afternoon from Mr. J. V. Rankin, of the Department of Justice, together with a memorandum giving the observations of Mr. Rankin and the Department of Justice relative to the pending bill.

Mr. DIRKSEN. Mr. President, may I ask that they be read at this time?

Mr. KNOWLAND. I do not know whether the Senators who are engaged in a discussion of the bill would desire that they be read now, but I wanted the letter and the memorandum to be made a part of the RECORD.

I think, as a part of the Senator's own observations, he could ask that they be read, but since the junior Senator from California has extended me the courtesy to have this interruption in the debate on the bill, I do not wish to take the time now to read them.

Mr. DIRKSEN. Very well.

There being no objection, the letter and the memorandum were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
April 8, 1954.

Hon. WILLIAM F. KNOWLAND,
United States Senate,
Washington, D. C.

DEAR SENATOR: I am transmitting herewith, as requested, a memorandum with respect to S. 690 and H. R. 6342 concerning certain authorization to the Administrator of General Services to enter into lease-purchase agreements.

Sincerely,

J. LEE RANKIN.

MEMORANDUM TO SENATOR KNOWLAND

There are pending before the Senate S. 690 and H. R. 6342 which, in general, would authorize the Administrator of General Services to enter into lease-purchase agreements under which buildings leased by the United States for long terms would eventually become the property of the United States.

As reported by the Senate Committee on Government Operations (S. Rept. No. 318, 83d Cong., 1st sess.), S. 690 provides (at p. 4, lines 20-25) that—

"(e) No proposed lease-purchase agreement calling for the expenditure of more than \$50,000 per annum shall be executed under this section unless it has been submitted, 30 days prior to its effective date, to the Committee on Government Operations of the Senate and the Committee on Government Operations of the House of Representatives."

As reported by the Senate Committee on Public Works (S. Rept. No. 1084, 83d Cong.,

2d sess.), H. R. 6342 provides (at p. 4, lines 11-19) that—

"(e) No proposed purchase contract agreement calling for the expenditure of more than \$20,000 per annum shall be executed under this section unless the Administrator has come into agreement with the Committee on Public Works of the Senate and of the House of Representatives with respect to such purchase contract agreement."

The difference between the quoted provisions presents a serious question as to the relationship under the Constitution between the Congress and the executive branch.

Pursuant to our fundamental constitutional principle of separation of powers, article I of the Constitution vests the legislative power of the United States in the Congress, while article II vests the Executive power in the President and directs that "he shall take care that the laws be faithfully executed." It is difficult to avoid the conclusion that these provisions of the Constitution would be violated by the provision of H. R. 6342 that no proposed purchase contract agreement calling for an annual expenditure of more than \$20,000 shall be executed unless "the Administrator has come into agreement with the Committee on Public Works of the Senate and House of Representatives with respect to such purchase contract agreement."

The obvious purpose of this provision of H. R. 6342 is to subject such proposed real-estate transactions to the prior approval or disapproval of committees of the Congress. The practical effect is to vest the power to make such purchase contract agreements jointly in the Administrator of General Services and the members of the Committees on Public Works. It is well established in American constitutional law that such powers cannot be placed in a member, officer, or committee of the legislature. Indeed, probably no one would contend that under the Constitution the sole power to make such agreements could be vested in legislative committees. The same principles preclude a committee of Congress from exercising such power jointly with an executive officer.

It is clear that Congress could reserve to itself the power to determine in the form of regular legislation whether a particular purchase contract agreement should be made. Historically, Congress has enacted many laws authorizing specific real-estate transactions on behalf of the United States. On the other hand, Congress may by legislation empower executive officers to execute such transactions subject to whatever general legislative standards Congress chooses to prescribe. But while Congress may thus elect whether such decisions shall be made by legislative or by executive action, it cannot place the power to make such decisions in its committees. Viewing the power to determine whether such a purchase contract agreement should be made as a legislative power, it cannot be delegated to individual members or to committees of the Congress; viewing it as an executive function, the constitutional separation of powers prohibits vesting it in Members or committees of the Congress.

This provision of H. R. 6342 involves, not a mere technicality, but a departure from our constitutional practice which, if systematically pursued, could result in a radical change in the distribution of the powers of the Federal Government. Its principle could be applied to subject a huge variety of governmental actions to the prior approval or disapproval of committees of the Congress, including committees consisting of a single Member or the Members of Congress from a particular State.

The constitutional principles, referred to above, which prohibit such a drastic revision in our basic form of government have been applied by the United States Supreme Court

and by the State courts to a number of situations similar to that which would be created by H. R. 6342. And they have been asserted vigorously by Presidents Wilson, Hoover, Roosevelt, and Truman.

If, in authorizing the purchase contract agreements or lease-purchase agreements contemplated by H. R. 6342 and S. 690, Congress is unable to prescribe adequate general legislative standards to guide and restrict executive officers in making such agreements, it would be far better if Congress reserved to itself for specific legislative action in accordance with the Constitution the types of cases in which it is unwilling to entrust to executive officers the making of such agreements, instead of attempting to give to its committees a decisive role in the administration of a statute in violation of the Constitution.

While Congress may not through its committees administer or share in the administration of a statute, Congress and its committees are entitled to obtain information as to whether a statute is being administered in accordance with the congressional purpose. Thereupon, if Congress is dissatisfied with its administration, it may, through the regular legislative process, take specific or general corrective action. Thus, no constitutional problems are presented by the provision of S. 690 that no proposed lease-purchase agreement involving an annual expenditure of more than \$50,000 shall be executed by the Administrator "unless it has been submitted, 30 days prior to its effective date, to the Committee on Government Operations of the Senate and the Committee on Government Operations of the House of Representatives." Such a requirement recognizes that Congress sometimes needs current information on the administration of a statute together with a reasonable opportunity to take corrective legislative action if it so desires. Similar waiting period requirements were contained in the Surplus Property Act of 1944 and in the statutes authorizing the Supreme Court to prepare and submit to the Congress the Federal Rules of Criminal Procedure and the Federal Rules of Civil Procedure.

To summarize: the power to approve or disapprove proposed contracts which H. R. 6342 would give to committees of Congress violates the separation-of-powers provisions of the Constitution. The notice and waiting period requirements of S. 690 fully satisfy the right of Congress to obtain information, and provide Congress with an opportunity to prevent action which it disapproves through the regular legislative process.

J. L. R.

Mr. CARLSON. Mr. President, I have just listened with a great deal of interest to the discussion as to what will happen to property owned by the Post Office Department which may be used for the construction of lease-purchase buildings by the transfer of title, so to speak, to the General Services Administration.

It seems to me that the bill goes a long way in taking control of post-office buildings and post-office operations from the Post Office Department. Frankly, I think the committee has gone too far.

This agency has for years administered the program, and according to the language on page 5, line 18, the Post Office Department was exempted from the proceeds which were to be covered into miscellaneous receipts. Now a new provision is written, which frankly takes away from the Post Office Department the right to control its own property. I think that is going too far.

I sincerely hope that some provision can be made which will at least give this great agency of our Government control of its own programs and its own property.

Mr. KUCHEL. I think the answer to what the Senator from Kansas has suggested, first of all with respect to the miscellaneous receipts provision, is that the bill provides, as to both the Post Office Department and the General Services Administration, that each agency will retain what was originally appropriated to buy the piece of property involved. It is the extra amount—the profit—which would go into the miscellaneous receipts of the Treasury.

I have been informed by the committee staff that the Post Office Department has not historically constructed the buildings which it is now using. But, regardless of that, we are faced with a situation in which the committee believed, in good faith, that there should be a restriction upon the disposal of post-office buildings under lease-purchase agreements. Let the record be very clear about this fact: The representatives of both the Post Office Department and the General Services Administration indicated that the lease-purchase proposals, in the main, were going to be exceptional situations. They were not going to be utilized in every small town and hamlet in all the 48 States of the Nation. So we should not be concerned too much, Mr. President, with the restriction suggested by the Senator from Florida, which was adopted by the committee.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. LONG. I wish to congratulate the distinguished Senator from California, as well as the other members of his committee, for the work which has been done on this bill. I have hoped that something of this sort would be done, in order that we might obtain more construction of needed public works.

I am rather distressed to hear the Senator say that he does not believe this method of construction would be used in many cases. I had hoped it would be used in a considerable number of cases.

In the State of Louisiana we have needed construction of several public buildings for a long period of time. I wish to ask the Senator from California if it would not be desirable for the committee to have an opportunity to look at more of the lease-purchase agreements.

The Committee on Armed Services has used that device, and I have felt it has been used very effectively. It was a simple matter to send a notice to all members of the committee; and if any member wished to object to any of the proposals, he would notify the chairman of the committee, and the committee would study the matter very carefully.

When land acquisitions were proposed to the Committee on Armed Services, the chairman would require that notice be given to the members; and I believe about 80 or 90 percent of such proposals went through without much question,

because they appeared to be in good order. I see no good reason why the Committee on Public Works should not examine all agreements which involve rentals of not more than \$10,000. I wonder if the Senator from California would have any objection to reducing the figure to \$10,000 rather than \$20,000.

Mr. KUCHEL. I thank the Senator from Louisiana for his comments with respect to the committee's action, but I would say to the Senator the present Federal law with respect to purchases and rentals in the Department of Defense requires, as the Senator well knows, that the Committees on Armed Services of the Senate and the House come into agreement with the Defense Department. So that actually there is considerably more of a restriction in this bill regarding amounts of money, because in this bill the cutoff figure is \$20,000.

Consideration was given in the committee to adopting precisely the same language in the bill as that contained in the present law with regard to the Department of Defense. One of the members of the subcommittee suggested that, in his judgment, the figure should be lowered from \$25,000 to \$20,000. To that extent the committee considered the question, and the committee agreed, not unanimously, but in great majority, that the \$20,000 figure be used.

Mr. LONG. Of course, the limitation of \$20,000 on a purchase-contract agreement would mean that a building costing \$200,000 could be constructed under such an agreement without the agreement being submitted to the two committees. It would seem to me it would be preferable that the committees should look at such an agreement. As a matter of fact, if the Government were considering the construction of a post office which would cost \$100,000, would not the committee, in the usual course of its business, have occasion to study the authorization to determine whether the post office should be constructed?

Mr. KUCHEL. Actually the transactions, of whatever amount, would be reported to the Congress, but it was felt by the committee that in these difficult and involved transactions involving a purchase, the check or balance of agreement on the part of the committees should be required only where there was, as the Senator has suggested, a substantial contract. The Senator is completely correct when he states that the same problem would exist in connection with all such contracts, but the committee was attempting to follow the precedent which a prior Congress had established in such legislation regarding the Department of Defense.

Mr. LONG. I am hopeful that there will be more construction, under the bill, than the Senator from California anticipates, and that major construction may result following the enactment of the proposed legislation. However, it may be that, if the bill should be passed, the construction would be slight and not in sufficient degree to require that all such agreements be carefully examined by the Congress. I thought it might be well, if the measure were put into effect,

that the Congress should have a chance to study the projects.

I should further like to state that in the case of all of post-office buildings which would be under construction, I am sure the State and local governments would be willing to agree that no taxes would be charged on such buildings, if it were made a condition of the lease-purchase agreement and required in the pending legislation. However, such agreements would require some delay. The State legislatures would be required to enact legislation to authorize such construction to be tax-exempt. It would also take time for the municipal governments to act. However, I wonder if it would not be desirable that there be a provision in the bill to require that the State and local governments, in order that there may be agreements to erect such construction in those areas, should have to agree that no taxes would be collected for such construction.

Mr. KUCHEL. There was discussion in the committee concerning the whole question of taxation of the two sovereignties and all the ramifications of that question. The language which was inserted was adopted because of the extreme difficulty of lining up the tax authorities of the 48 States. For example, in many of the States the responsibility with respect to ad valorem taxes is riveted into the State constitutions. If any benefit in the immediate future is to be received in the State of the Senator from Louisiana and in the other States where there is a real need for new Federal buildings, such construction would be delayed if the Congress should become involved in the complex field of State taxation. So it was decided that, so far as lease-purchase buildings are concerned, they will be subject to taxation until title passes. It was left for subsequent action of Congress to decide what the general underlying theory on the question ought to be, and it will have to be worked out in the form of legislation.

Mr. LONG. Whenever the Federal Government sees fit to exercise the option to purchase such property, the Federal Government would no longer be in the position of having to pay taxes to the local government, under the terms of the bill; is that correct?

Mr. KUCHEL. The Senator is correct. A provision was suggested which would prevent the Government from immediately paying such charges. In some instances, and the Senator can think of some practical ones, the Congress will have to appropriate specific moneys to pay for the contract.

Mr. LONG. I want to be entirely frank with the Senator from California. I believe it would be preferable for Congress to appropriate money to build public buildings in localities in the States. Nevertheless, having struggled with the problem of acquiring new post offices, I have come to the conclusion that the State of Louisiana and the other States need some measure to expedite the construction of such necessary public works. For that reason I have been in favor of this kind of legislation for some time, and I shall be glad to support it. I thank the Senator.

Mr. KUCHEL. I agree with the Senator very much, and I thank him. Obviously, if a purchase could be made and moneys were available for appropriations every time a building was needed, and it could be bought and paid for, it would be the best way for the Government to acquire buildings and land, as is done in the case of individual families.

On the other hand, as suggested by members of the subcommittee earlier, we have had the unfortunate situation in America of the Government leasing and paying rent for as long as 50 years on the same building, and at the end of that time acquiring no equitable title at all. In that kind of transaction the bill gives the Government the same right of time payments and acquiring equitable title as the Senator from Louisiana, I, and probably all of us have had at some time in purchasing a home.

Mr. LONG. I believe that in many instances the Government, by the terms of the bill, will be able to acquire much better facilities at the same or perhaps a lesser expense, and at the same time commence needed construction which many communities of the Nation need.

Mr. KUCHEL. I thank the Senator.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Florida.

Mr. HOLLAND. I am compelled to say, because of the comments of my good friend, the junior Senator from Louisiana, that it is my belief and my hope that there will be a very sizable construction program. This bill will not take the place of a duly enacted and large public building program, but it will permit of the construction of buildings, under one of the several possibilities provided for in the bill, in the various places where such buildings are most needed. I assure the Senator that was the intention.

I should also like to say that the modest Senator from California was able to make a very real contribution in the consideration of this bill by reason of the fact that he had served for a number of years as comptroller of his State, and of course his State is a growing and progressive one, and has had need for many public buildings of various kinds. So he brought to the committee a very practical knowledge of the working out of a program for providing necessary public buildings in his State. His experience and knowledge were of inestimable service to the committee, and I think have resulted in the bill being much more practical than seems to be apprehended by some distinguished Senators.

Let me say now to the Senator from Kansas, who is so much concerned—and properly so—with the post-office construction program, that it was not intended to cut off the possibility of having the Post Office Department do many, many of the needed things in the way of construction which we know that Department needs. However, it was the very definite conviction of the committee, and I believe I can speak for all members of the committee, that as to existing post offices, which have become

the symbols of the Federal Government—for instance, in county-seat towns all over the Nation—it would create an unfavorable reception to the bill, rather than a favorable one, if the people were to think, generally, that a department which, whether rightly or wrongly, is usually regarded as a political one, would have authority to trade and traffic in getting rid of the present post offices in the county-seat towns.

I believe a study of the bill will show that the provision with which the Senator from Kansas has been concerned is a good one, and will not in any way prevent meeting most of the needs of the Post Office Department. It is the intention of the committee that those needs be met.

Mr. KUCHEL. I thank the Senator very much.

Mr. BYRD. Mr. President, will the Senator from California yield to me?

The PRESIDING OFFICER (Mr. Aiken in the chair). Does the Senator from California yield to the Senator from Virginia?

Mr. KUCHEL. I yield.

Mr. BYRD. How are the valuations of the buildings to be arrived at or fixed?

Mr. KUCHEL. Does the Senator from Virginia refer to the amount involved in a given contract?

Mr. BYRD. As I understand, the proposal is to make a contract with someone who will construct a building, and at the end of a certain number of years the building will become the property of the Government. It seems to me it is very important to know, in that connection, how the valuation of the building will be arrived at or fixed. Who will do it?

Mr. KUCHEL. So far as the bill itself is concerned, I believe it will help me reply to the Senator from Virginia if I refer to an example. Let us assume that the General Services Administration has a piece of property worth \$100,000. The General Services Administration would enter into a lease-purchase agreement to construct a building which it would provide and specify for and advertise for, just as it would do in case Congress had appropriated the money to that agency; and a building would be constructed for \$1 million, let us say. So there would be tied up in that venture a piece of property worth—

Mr. BYRD. Who will audit the cost of the building? Will the contractor's word be taken for the cost of the building, or how will the cost be fixed? That is a vitally important question, because the Government will return the cost to the contractor before the Government will obtain ownership of the building.

Mr. KUCHEL. The General Services Administration, I would say to the Senator from Virginia, would make exactly the same check, as I understand the situation, as if Congress had appropriated the money and the General Services Administration had purchased the building.

Mr. BYRD. No; I differ with the Senator on that point, unless there is some such provision in the bill, because if the Government makes a contract for the

construction of a building, of course the Government will pay the cost of the contract. However, that is not to be done in this case. In this case, someone will erect a building for the use of the Government. Is that correct?

Mr. KUCHEL. Yes.

Mr. BYRD. Who will determine how much the particular building costs? What audit will be made?

Mr. KUCHEL. First of all, of course the Public Works Committees of the Senate and the House of Representatives will have to agree that a lease-purchase contract may be entered into.

Mr. BYRD. Does the bill stipulate that the contract is to be on a basis of exact cost; or what does the bill provide in that connection? What interest will be paid, and so forth?

Mr. KUCHEL. No; I would say to the Senator from Virginia that the bill is silent insofar as concerns spelling out the manner in which the General Services Administration or the Post Office Department—

Mr. BYRD. Does the Senator from California think the bill should be silent? There is an opportunity there for a great deal of graft and a great deal of fraud, it seems to me.

Let us consider an illustration. Let us consider a post-office building, for instance. Suppose someone offered to construct a post-office building, to be leased to the Government—that is to be the first step, I understand; and if I am in error about this matter, I ask the Senator from California please to correct me. Let us assume that the one who makes the offer makes his own contract. Will it go through any Government agency? It will not, will it?

Mr. KUCHEL. Under the provisions of the bill it would go to the Public Works Committees of the two Houses.

Mr. BYRD. But the Senator from California knows that those committees have no facilities for looking into such matters. It would go to those committees only if it involved more than \$20,000.

Mr. KUCHEL. I can only say that the situation is exactly the same, so far as the agencies are concerned, as the situation today with respect to simple leasing.

First of all, under the provisions of the bill each of the two agencies mentioned has the right to negotiate a contract to pay rental installments on property title to which will subsequently be vested in the Government. The Comptroller General will have the same responsibility, in perusing the terms of the contract to be entered into, that he would have in the case of all other contractual arrangements.

The Senator from Virginia has suggested the possibility of fraud in the transactions. I say to him that is why in the case of the large contracts I voted for the restrictive amendment.

But, in addition, in each instance a written contract will be entered into. The provisions of the contract, the amount of interest that will be required, the type of building, and the specifications the Government wants, will be matters of public record; the contracts

will be advertised; and annual reports will be made to Congress.

It seems to me the Senator from Virginia has shown the reason why there should be the additional restriction provided by the committee amendments.

Mr. BYRD. I do not think I have made myself clear to the Senator from California. When we read page 4 of the report, in respect to title II, we observe that it is based upon the cost. The report states:

Translated into terms of initial construction, and annual payment of \$20,000 would mean a building with a construction cost of about \$200,000.

The annual payment is based upon the cost. Who is to audit the cost, or what evidence would the contractor give that he spent a specific amount of money on the project? What interest would he receive? What profits would he receive? The cost must all be paid back by the Government before the Government can take title to the property.

Mr. KUCHEL. The Senator is correct.

Mr. BYRD. As I visualize this program, it will be a tremendous mass-building program.

Mr. KUCHEL. The testimony before the committee, by representatives of each agency, was to the effect that the lease-purchase authority would not be exercised in a great number of cases; but the Senator is correct; the power is in the bill.

Mr. BYRD. Whenever power exists, it is usually used. I have learned that from my experience in the Senate.

I am not being especially critical of the bill. I simply wish to understand who is to fix the cost. Who is to audit the cost? Under the terms of the bill the Government is supposed to pay rentals to the extent of the cost. Is that correct?

Mr. KUCHEL. That is correct.

Mr. BYRD. After that it becomes the property of the Government.

Mr. KUCHEL. That is correct.

Mr. BYRD. What facilities are provided in the bill for ascertaining, for example, whether a contractor charges the Government \$100,000 when he pays out for the building only \$80,000?

Mr. KUCHEL. In the first instance it will be the responsibility of the head of the governmental agency. Beyond that, I will say to the Senator that the Comptroller General would have the same authority over the contracts to be entered into that he would have over any other contracts.

Mr. BYRD. Where does the bill provide that the contractor shall not receive more than the cost of the building? I have not been able to find such a provision in the bill.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. BYRD. Let us complete the discussion.

Mr. HOLLAND. I was merely trying to expedite matters.

Mr. BYRD. I appreciate that, but I would rather have the Senator from California answer the question.

Mr. KUCHEL. I will say to the Senator that the committee has not spelled

out in the bill any specific guidelines for the General Services Administration.

Mr. BYRD. Does not the Senator think they should be spelled out?

Mr. KUCHEL. I cannot say that they should not be, but today the General Services Administration may enter into a leasehold if it so desires.

Mr. BYRD. That is correct.

Mr. KUCHEL. And there are no specific guidelines in the present law relative to leaseholds.

Mr. BYRD. That is an entirely different question. A leasehold involves the question of leasing a building, does it not?

Mr. KUCHEL. The Senator is correct.

Mr. BYRD. The purpose of this legislation is to authorize the construction of a building which will become the property of the United States Government when the Government pays back, in annual payments, the total cost of the building, whatever it may be.

Mr. KUCHEL. The Senator is correct.

Mr. BYRD. The point I make is that there is nothing in the bill to fix the cost. The contractor may say, "This building cost me \$1 million." It may have cost him only \$800,000. There is nothing in the bill to require that the rental must be based upon the cost. It would not be illegal under those conditions for the contractor to say, "I want to be paid rental on the basis of more than the building actually cost me." What interest is to be paid? All those questions enter into the transaction.

I submit to the Senator that this is a very loosely drawn bill from that standpoint. This program may run into billions of dollars before we are through. Certainly it should be safeguarded so that the Government would not have to pay back more than the actual cost of the building plus reasonable interest.

Mr. KUCHEL. In answer to the Senator I will say that the bill as it came to the Senate from the House of Representatives contained absolutely no restrictions. The restrictions which were added by the Senate Committee on Public Works were those which we have discussed here this afternoon. It seems to me that so far as concerns writing a bill to provide a specific manner in which an administrator should enter into a contract, that might be carrying things somewhat further than has been the case in the past, or than good judgment would dictate, particularly since the bill provides that there shall be congressional scrutiny of the program.

Mr. BYRD. As busy as Members of Congress are, they would not have time to go into that subject.

In other words, this statement in the report is not correct:

Translated into terms of initial construction cost, an annual payment of \$20,000 would mean a building with a construction cost of about \$200,000.

After the Government pays back the \$20,000 a year for 10 years, the Government will own the building. The language to which I have just referred is:

Translated into terms of initial construction cost—

And so forth. I contend that there is nothing in the bill which provides that

rentals shall be based upon the actual cost of the building. If there is any such provision in the bill I have been unable to find it.

Mr. HOLLAND and Mr. BARRETT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from California yield; and if so, to whom?

Mr. BYRD. Mr. President, I am engaged in colloquy with the Senator from California, and I should like to have him answer the question.

Mr. KUCHEL. The report prepared by the staff used the figures of \$20,000 and \$200,000 in an effort to indicate the size of the building.

Mr. BYRD. That is not the point. The report states:

Translated into terms of initial construction cost, an annual payment of \$20,000 would mean a building with a construction cost of about \$200,000.

Mr. KUCHEL. Yes.

Mr. BYRD. To my way of thinking that means the actual cost of the building.

Mr. KUCHEL. That is correct.

Mr. BYRD. Where in the bill is it provided that the rental shall be based upon the actual initial cost? Is there such a provision written into the bill, or not?

Mr. KUCHEL. No. The General Services Administration would be given the right, under the provisions of the bill, to enter into a contract under which a building would be constructed, and annual payments would be made. At the end of the period the title would vest in the Government.

Mr. BYRD. Then the Government might enter into a contract to pay rentals to the extent of \$100,000 when the building actually cost only \$60,000. Is that true?

Mr. KUCHEL. I think that is true; and by the same token I think it is true today that the same agency could enter into a leasehold and pay \$100,000 a year for a leasehold which the Senator and I might know was worth only \$50,000 a year. Exactly the same type of authority is contained in the bill.

Mr. BYRD. A leasehold may be on an annual basis. In other words, the bill is not predicated on the principle or the assumption that the costs should control the rental paid by the Government.

Mr. KUCHEL. In all frankness I must say to the Senator, by way of repetition, that there is nothing in the bill which states, "This is the manner in which these agencies should enter into such contracts." By the same token I say to the Senator that, with respect to the provisions which were in the bill as it came from the House, we have added safeguards.

Mr. BYRD. The only safeguard is that any contract involving an annual payment of more than \$20,000 shall be submitted to the Congress, but the Congress has no way of ascertaining the actual cost of the projects.

Mr. KUCHEL. Let me ask the Senator how he would suggest that the bill be improved.

Mr. BYRD. I should say that before the rental agreement is made evidence

must be presented that a certain project cost a certain amount.

Mr. KUCHEL. To whom should the evidence be referred?

Mr. BYRD. To whatever agency is making the contract.

Mr. KUCHEL. To the General Services Administration?

Mr. BYRD. If that is the one involved.

Mr. KUCHEL. Or the Post Office Department?

Mr. BYRD. There are two agencies referred to in the bill.

Mr. KUCHEL. Yes.

Mr. BYRD. Evidence of cost would be referred to one or the other. Then the agency should determine how much interest is to be paid, and how much profit is to be allowed. The annual payment should be based upon the cost of the building. We have been informed that that is the purpose of the bill.

Mr. KUCHEL. In the absence of legislative direction, does the Senator think the Postmaster General and the General Services Administration would enter into that kind of contract?

Mr. BYRD. At least we could write into the bill language to the effect that the purpose is not to pay more than the actual cost plus reasonable interest. Those who undertake this work may make large profits. The Senator will concede that that is possible under the provisions of the bill.

Mr. KUCHEL. Yes; I do.

Mr. BYRD. I do not wish to vote for a bill so loosely drawn in that respect as this bill appears to be.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. HOLLAND. It so happens that the bill is not drawn in such a way as to permit of that conclusion. If the Senator from California will yield to me, I should like to point out the provisions which apply, if I may have the attention of the Senator from Virginia.

Mr. KUCHEL. I yield.

Mr. HOLLAND. First, I invite attention to the fact that in the report, with reference to both titles, three conditions are stated to the use of the bill. They are found on page 3 of the report, in the second paragraph. This language is an interpretation of the provisions of the bill itself:

The General Services Administrator would make use of this legislation when (1) there is no suitable Government-owned space available, (2) there is no prospect of direct Federal construction within a reasonable period of time, and (3) the permanency of Government occupancy is such that the accumulation of full equity in the property by annual payments over a stated number of years would result in a lower net cost of providing space for the expected period of occupancy than would be possible under a straight rental for the same period.

Mr. BYRD. Where is that in the bill? The Senator from Florida is reading from the report.

Mr. HOLLAND. At page 2 of the bill it is provided—and the Senator will find similar words under title II—

SEC. 411. (a) Whenever the Administrator of General Services determines that (1) the needs for space for the permanent activities of the Federal Government in any particular area cannot be satisfied by utilization of any

existing property suitable for the purpose then owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder—

That is the general wording in the bill. The committee spells out the provision in specific wording in the report, in the words which I have just read to the Senator.

Mr. BYRD. Will the Senator read the bill? That is what we are passing; we are not passing the report.

Mr. HOLLAND. The Senator from Virginia, of course, is correct in saying that it is not the report we are passing; but it has been uniformly held by the courts—

Mr. BYRD. Where does it say in the bill that the rental that shall be paid shall be equivalent to the initial cost?

Mr. HOLLAND. It does not say that.

Mr. BYRD. The Senator stated the bill did so state. Where does it so state in the bill?

Mr. HOLLAND. If the Senator will allow me to complete my explanation, I should like to say that I spoke about the fact that clear and proper safeguards are provided by the bill. The first one is the one I have mentioned, which provides the directions which are given to the General Services Administration, and I have read from the report which interprets that wording of the bill:

The best interests of the United States will be served by taking action hereunder.

That is interpreted by the second paragraph on page 3 of the report, which states that the Administrator must determine that "the permanency of Government occupancy is such that the accumulation of full equity in the property by annual payments over a stated number of years would result in a lower net cost of providing space for the expected period of occupancy than would be possible under a straight rental for the same period."

That is, the Government would have a building at the end of the period for less money than it would have paid in rents over the same period of years.

Mr. BYRD. Would it be more or less than the initial cost?

Mr. HOLLAND. Less than the straight rental.

Mr. BYRD. That is an estimate. No one would know what it would be over a period of 20 years.

Mr. HOLLAND. The second point that I should like to make is that competitive bidding is required. The Senator will find that provision under subsection (j) of section 411 of the bill. The Senator will find that subsection at page 6 of the bill, in the middle of the page. It reads:

(j) (1) Section 302 (c) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to purchase contract agreements entered into under this section, except that any such agreement may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

Section 302 (c) of the Federal Property and Administrative Services Act of 1949 is the applicable act. The Senator

will find that section explained at page 8 of the report.

Mr. BYRD. Let us stay with the bill, not the report.

Mr. HOLLAND. The bill refers to the section of the law that is applicable, and the report explains it.

Mr. BYRD. Where does the bill provide that the Government shall not pay more than the initial cost of the property? There is nothing in the bill to that effect.

Mr. HOLLAND. The Senator from Virginia knows perfectly well that the accumulated rent over a period of years sufficient to pay off a contract of this kind, and for occupancy during that period of years, would be more than the initial cost of the property.

I invite his attention to the top of page 8 of the report which describes subsection (j) of section 411 in the bill. That subsection, as I said, is contained in the bill in the middle of page 6. Of course, we cannot spell out in a bill all the meanings of all the sections of other laws which are mentioned in the bill.

Mr. BYRD. Could not the bill spell out the fact that the rentals are to be based on the cost?

Mr. HOLLAND. If the Senator from Virginia will permit me to complete my explanation, I should like to say that paragraph (1) of the Federal Property and Administrative Services Act of 1949 requires that all purchases and contracts for supplies and services shall be made by advertising except for certain specified classes and situations.

Mr. BYRD. May I interrupt the Senator to ask him to refer to the bill itself and not to the report?

Mr. HOLLAND. I am referring to the bill.

Mr. BYRD. Where is that language in the bill?

Mr. HOLLAND. The language in the bill is that section 302 (c) of the Federal Property and Administrative Services Act of 1949—

Mr. BYRD. On what page of the bill is that contained?

Mr. HOLLAND. It is at page 6 of the bill. I am reading from subsection (j) at page 6:

(j) (1) Section 302 (c) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply.

A description of what I am reading is found at the bottom of page 8 of the report.

Mr. BYRD. I wish the Senator from Florida would confine himself to the language in the bill. If he does not choose to do so I shall get my information from the bill.

Mr. HOLLAND. I am seeking to give the Senator the information which he has asked for.

Mr. BYRD. The Senate will not vote on the report; it will vote on the bill. If the language is contained in the bill, then we should be able to find it in the bill.

Mr. HOLLAND. It is found at page 6 of the bill, in subsection (j), which deals with section 302 (c) of the Federal Property and Administrative Services Act of 1949. The bill does not spell out the

contents of that section of the 1949 act, but the report does spell out the section by stating that that section requires competitive bidding. That is made clear by the section of the report which I have just read.

Mr. ANDERSON. Mr. President, will the Senator from California yield so that I may ask a question of the Senator from Florida?

Mr. KUCHEL. I yield for that purpose.

Mr. ANDERSON. I believe the Senator from Florida was present when I raised a question as to a specific piece of property in the city of Albuquerque that was purchased for the purpose of constructing a Federal building on it, with the possibility that a 5- or 6-story building would be built on it.

Under the language contained in the bill would there have to be some sort of competitive bidding on that several million-dollar structure?

Mr. HOLLAND. There would have to be competitive bidding, and after the bidding there would have to be a finding by the General Services Administrator that the particular premises would serve the Government better by a lower rental per year over a period of years than would be the case if the Government leased similar property on a yearly basis; and that the Government would, in short, come out with the property paid off at a lower rental than would otherwise be payable.

I call the particular attention of the Senator from Virginia to this language at the top of page 9, beginning at line 3:

The financial transactions of the Post Office Department with respect to such lease-purchase agreements shall be subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950 (act of Aug. 17, 1950, ch. 735, 81st Cong., 2d sess.).

Mr. BYRD. Does it exempt the Post Office Department from an auditing by the Comptroller General's Office?

Mr. HOLLAND. It does not.

Mr. BYRD. Why should the Post Office Department audit its own accounts?

Mr. HOLLAND. Each department of the United States Government, as a rule, has its own auditing department, and an auditing law that applies to it. However, there is an overall auditing law that lies back of all of the departments, which provides that the Comptroller General has the duty to audit the accounts of each of the departments. The Department of Agriculture, for example, and every other large department of Government, has its own auditing department. That is set up under the law.

Here there is a specific reference made to the fact that there shall be an accounting and auditing of the transactions.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. HOLLAND. I have only a few more things to say and then I shall be through. I also call the attention of the Senator from Virginia to the fact that the Senator from California was exactly correct when he said that all these transactions are, in their ultimate

analysis, subject again to the overall accounting authority of GAO.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. HOLLAND. There is one more point I should like to make. In the annual reports of these transactions the fullest information is required to be given to Congress. If there is any evidence of misuse or abuse of authority Congress must be advised of it.

Mr. BYRD. Will the auditing show the actual cost of the building?

Mr. HOLLAND. The auditing will show all the facts.

Mr. BYRD. There is nothing in the bill to indicate that.

Mr. HOLLAND. All the facts.

Mr. BYRD. Will it show specifically the cost of the building?

Mr. HOLLAND. I cannot say about that.

Mr. BYRD. That is the point I am discussing.

Mr. HOLLAND. Let me say to the distinguished Senator from Virginia that what the Post Office Department will be interested in getting and what GAO will be interested in getting will be facilities at a cheaper price under this system than has been possible under the other system, and those better facilities will belong to the Government at the end of a period of years, and will have been obtained at an expenditure of less money year after year than would have been paid out by the helter-skelter leasing authority now in force.

Mr. KUCHEL. Mr. President, I wish to say with respect to the questions asked by the Senator from Virginia, that after being in the Senate a little more than a year I am not fully acquainted with the authority and responsibility of the Federal Comptroller General.

I should like to say, however, that with respect to the contracts permitted under the pending bill, the responsibility and the authority of the Comptroller General remain exactly the same and are certainly not diminished at all by the bill. They remain exactly the same as his authority and responsibility to audit all the other purchase contracts of every other agency of the Government. The restrictions with respect to committee approval of contracts above a certain amount follow in their theories, purchases made by the Department of Defense, which are, heaven knows, millions of dollars greater. I am inclined to think that where the Department of Defense devotes great sums of money to annual rental payments, as it has the right to do, after having approval from the Armed Services Committees, it will do it and has done it in exactly the same fashion as the Postmaster General or the General Services Administration will do it.

Mr. HOLLAND. Mr. President, will the Senator from California yield further?

Mr. KUCHEL. I yield.

Mr. HOLLAND. May I ask my distinguished friend from Virginia to listen just a moment. I gave him the section of the bill which requires competitive bidding with reference to the General

Services Administration. I did not follow out that point with reference to the Post Office Department. It is found on page 15 of the bill in subsection (b) of section 207, with reference to activities of the Post Office Department. It provides:

(b) Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall apply (1) to the acquisition of real property by lease-purchase agreements, under authority of section 202 of this title, and (2) to the lease agreements entered into under authority of paragraph (1) of section 203 (a) of this title.

The report states, on page 9, about 10 lines from the bottom:

Subsection (b) of this section makes section 3709 of the Revised Statutes (requiring advertising for bids on public contracts) applicable to the lease purchase and term-lease agreements provided for in title II.

Mr. BYRD. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. BYRD. The point I have been making is that the rentals are not based necessarily upon the actual cost of the property. No one denies that. There is nothing in the bill which requires the cost of the property to be made known. The Senator from California is entirely correct, I think, in saying that the Comptroller General's authority is not changed by this bill. But his authority runs only to the legality of an expenditure. The Comptroller General can investigate and ascertain whether an expenditure is made in accordance with law.

Mr. KUCHEL. Is there similar language in the law today with respect to the Defense Department?

Mr. BYRD. I really do not know; but I think this bill contemplates something entirely different from regular purchases by the Government. This is something on which we are acting 20 years in advance. We say to a contractor, "You put up a building, and we will pay you a rental for it, and when the rental reaches the cost of the building it becomes the property of the United States Government."

Mr. BARRETT. Mr. President, will the Senator from California yield so that I may ask the Senator from Virginia a question?

Mr. KUCHEL. Let me follow up this point.

Does the Senator from Virginia feel that the Comptroller General would have the responsibility of inquiring, under the general language on page 2 of the bill which provides for the Administrator of General Services determining the cost of space and whether the permanent activities cannot be satisfactorily carried on with existing property, and so forth? Does not the Senator from Virginia think that would authorize the Comptroller General to be a watchdog?

Mr. BYRD. I do not think it would authorize him to see that the contract had been based on the initial cost. It would have to be written into the bill.

Mr. KUCHEL. Does not the Senator think that competitive bids—

Mr. BYRD. There may not be any competitive bids.

I was under a misconception regarding the bill. I did not understand that profits were to be made by the contractor. It now seems that the contractor does make a profit. He would not want to make a contract if he did not make a profit. I think we should write into the bill language which would provide that the purpose is that the contract is based on the initial cost of the property, and then, if we want to add a reasonable profit, all right. But it seems to me that under this language an abnormal profit could be made on an unreasonable basis.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PORTER in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. What is the pending question? Has the amendment of the Senator from Illinois been offered?

Mr. DIRKSEN. Mr. President, if the majority leader will yield, I will offer the amendment now so that it may be the pending question when the Senate resumes its session tomorrow.

The PRESIDING OFFICER. All the committee amendments have been agreed to.

Mr. KUCHEL. Mr. President, if my colleague will yield before the Senator from Illinois offers his amendment, I should like to offer a technical amendment, which is at the desk, changing "1953" to "1954." I ask to have that amendment adopted.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 5, line 20, it is proposed to strike out "1953" and insert in lieu thereof "1954."

The amendment was agreed to.

Mr. KNOWLAND. I understand the Senator from Illinois has offered an amendment, which is the pending question.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Illinois.

The LEGISLATIVE CLERK. On page 4 it is proposed to strike out all of lines 11-19, inclusive, and to insert in lieu thereof the following:

(e) No proposed lease-purchase agreement calling for the expenditure of more than \$20,000 per annum shall be executed under this section unless it has been submitted, 30 days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois.

Mr. CASE. Mr. President, I rise in opposition to the amendment.

Mr. DIRKSEN. Mr. President, it was my understanding that the majority leader had intended to recess at this hour, and that consideration of the amendment would be resumed tomorrow. Therefore, I am quite agreeable to yielding the floor to the majority leader for that purpose.

Mr. KNOWLAND. I shall be glad to yield to Senators who desire to make insertions in the RECORD.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. KNOWLAND. I yield.

Mr. LONG. Would it not be possible for us to have developed the reason for offering the amendment and the purpose of it, and perhaps to have a word or two about it in the RECORD, before the amendment is considered tomorrow? I wonder if that would meet the convenience of the Senator from Illinois.

Mr. DIRKSEN. No. I should much prefer that the discussion be continuous tomorrow, and that there be present as many Senators as possible, because there is very general interest in the whole proposal.

Mr. LONG. The only point I have in mind is that there are always many Senators who are engaged in committee meetings and who are not available when the Senate convenes. I had hoped that the RECORD of today, which will be available tomorrow morning, would contain an explanation of the purpose of the amendment and perhaps arguments against it, which would be available to Senators who are not on the floor at this time.

Mr. DIRKSEN. I might respond to my esteemed friend, the distinguished junior Senator from Louisiana, by saying that the amendment is very simple.

I may say also that there will appear in the RECORD of today's proceedings, somewhere near this point, a letter from the Attorney General with respect to the constitutionality of the amendment. I think the memorandum furnished by him will afford an ample explanation to provide a very good background for the discussion tomorrow.

Mr. LONG. Are we to understand that the purpose of the amendment is to deny to the Senate and House committees the check they would have under the proposed legislation on contracts amounting to \$20,000 a year or more?

Mr. DIRKSEN. No; that is not quite accurate. It would provide, of course, that the contracts shall be submitted to Congress. They will all have to be submitted to the President of the Senate and to the Speaker of the House of Representatives, and to have been pending for 30 days before they shall be actually executed. They would, thereby, be published in the CONGRESSIONAL RECORD and could be investigated by anyone who might be interested in them. But there would be no requirement for an agreement by committees of the Senate or the House, because I would esteem that to be a very definite and clear-cut infringement of the executive and administrative power.

Mr. LONG. I am one who has exercised the same type of authority in the past as a member of the Committee on

Armed Services. I could cite the Senator many examples of the committee having saved the Government from very unfortunate situations, had the money been spent without the Senate committee having had the opportunity to examine the authorizations to purchase.

I had hoped the Senator from Illinois would consider this proposal in the light of the experience of the Committee on Armed Services.

When I was chairman of a subcommittee, the subcommittee held up as much as \$100 million in authorizations, which the Secretary of Defense subsequently saw fit to withdraw. I believe most of that \$100 million would have been wasted had the money been spent without having had the matter further considered by the Department of Defense and determining whether it was actually necessary to spend all that money.

Mr. DIRKSEN. I think that when that provision was inserted, it related, first of all, entirely to military construction at the time. That is specialized property, to be sure. The same problems certainly would not arise as would arise in the case of ordinary Government property scattered throughout nearly every town in the country, where pressures, political and otherwise, will be used and will be readily manifest. I think the situation is entirely different.

I still maintain that it was done under circumstances in which it was difficult for the Chief Executive to veto the bill, in order to knock out an objectionable provision.

I am confident, in the light of the opinion which has come from the Office of the Attorney General this afternoon, that the question will be raised. It ought to be raised. I think many of us have, from time to time, scolded because of the invasion of the legislative authority by the executive branch. I do not wish to be in the unhappy and inconsistent position, if I have a conviction on a subject, of insisting on putting the same thing into law to which I have objected year after year for almost 20 years.

I shall resume my discussion of the amendment tomorrow.

Several Senators addressed the Chair.

Mr. KNOWLAND. Mr. President, I believe I have the floor.

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. HOLLAND. I wish to make a short answering statement, if I may, in connection with the amendment, to fulfill the purpose stated by the Senator from Louisiana.

Not only is it true that a similar provision has been in the law and has functioned successfully for some years in connection with defense property—and I invite the attention of the distinguished senior Senator from Illinois—but that provision has been much broader. It has covered many more types of transactions than are proposed to be covered by the provision in the pending measure.

Mr. President, I ask unanimous consent to have printed in the RECORD, as a

part of my remarks, the text of section 601, title VI, of the military public-works law, showing five classes of cases which are covered by the review power which is now given to the Armed Services Committees in dealing with property which is not at all necessarily special-use property. I may remind my distinguished friend from Illinois; some of it relates to the rental of general-use office buildings, of exactly the type which are involved in this instance.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

MILITARY PUBLIC WORKS LAW—TITLE VI

SEC. 601. The Secretary of the Army, the Secretary of the Air Force, the Secretary of the Navy, or the Administrator of the Federal Civil Defense Administration, as the case may be, or his designee, shall come into agreement with the Committee on Armed Services of the Senate and of the House of Representatives with respect to those real-estate actions by or for the use of the military departments or the Federal Civil Defense Administration that are described in (a) through (e) below, and in the manner therein described.

(a) Acquisitions of real property where fee title is to be acquired for an amount estimated to be in excess of \$25,000. In those cases where individual acquisitions are to be made as part of a project, the agreement to be reached shall be based on general plans for the project, which shall include an estimate of the total cost of the lands to be acquired.

(b) Leases to the United States of real property where the estimated annual rental is in excess of \$25,000. In those cases where individual leases are to be made as part of a project, the agreement to be reached shall be based on general plans for the project, which shall include an estimate of the total cost of the leases to be made.

(c) Leases of Government-owned real property where the estimated annual rental is in excess of \$25,000.

(d) Transfers of Government-owned real property with an estimated value in excess of \$25,000 under the jurisdiction of the military departments or the Federal Civil Defense Administration, which are to be made to other Federal agencies, or to States, including transfers between the military departments.

(e) Reports to a disposal agency of excess Government-owned real property with an estimated value in excess of \$25,000.

Mr. HOLLAND. I heard the distinguished Senator from Illinois say this afternoon that he objected to delegating authority to the two committees, the Senate Committee on Public Works and the House Committee on Public Works. Based upon these other matters, which are the only ones covered by the provision which he seeks to strike or to have modified, I wish to call his attention to the fact that apparently he would prefer to delegate the whole matter to an executive agency, notwithstanding the fact that Congress is being asked in the bill to surrender its authority, which it undoubtedly has, item by item, authorization by authorization, and appropriation by appropriation, although, of course, it does retain its control over appropriations. However, it is asked to relinquish to an executive agency the authority always retained by Congress, and now held by it, to pass upon individual authorizations in this field, as has been the rule and as has been the law heretofore.

It seems to me that the position of the distinguished Senator from Illinois is wholly inconsistent, in that he proposes freely to delegate the whole power of the placing of contracts in such a way as to deprive Congress of its authority and jurisdiction, except as to its appropriation authority in the construction of public buildings, including post-office buildings, in the several fields covered by the bill.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

Mr. CASE. Mr. President—

Mr. DIRKSEN. Who has the floor?

Mr. HILL. Will the Senator from California yield?

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mr. HOLLAND. Mr. President, I have not quite completed my statement.

Let me say to the distinguished Senator from Illinois that I think I speak for every member of the committee—I am sure I speak for a great majority of the membership of the committee—when I say we would not have approved the bill unless there was a retention of some legislative control over these larger projects. If the Senator wishes to have a real fight on the subsequent question of excluding from the field of this bill construction, rental, and purchase and sale projects which would be affected by his amendment, so that the bill would apply only to lesser building projects and to lesser post office rentals and lease-purchase projects, he is certainly assured of such a fight if he presses his amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Jersey.

Mr. HENDRICKSON. Mr. President, I yield to the Senator from South Dakota, with the understanding that I do not lose the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Dakota under those conditions.

Mr. CASE. Mr. President, responding briefly to the suggestion of the Senator from Louisiana that the RECORD tonight should indicate the objections to the amendment of the Senator from Illinois, I may say, first of all, that I inherited the job which the Senator from Louisiana had as chairman of the subcommittee of the Senate Committee on Armed Services to which was assigned the responsibility of passing on military construction projects, to which reference has been made. Growing out of that experience, I may say to the Senator from Illinois that if he knew of the many, many instances in which the operations of that committee have resulted in savings to the United States Government, I think he would not want to offer his amendment. Instead of offering that amendment, he might have offered one setting up some standards the committee might use as guides for determining whether or not a need existed, and whether or not a contract presented to the Government was a good one.

I may also say to the Senator from Illinois that as of today the committee is confronted with a request from the

military departments for guaranteed rental housing in Europe, which request does not appeal to the committee.

A few years ago Congress passed an act which authorized a \$100 million liability to be incurred by the Government in entering into rental agreements with sponsors of housing projects in Europe. The committee was confronted with a request for clearance—that is the term we use in the committee—of a program involving several thousand housing units. The committee declined to give clearance to that many, and limited the guaranty of occupancy to 5 years.

Now we are confronted with a request that the Government incur greater liability by guaranteeing rental occupancy for 7, 10, or 15 years, which would add to the contingent liabilities of the Government.

If it were not for the committee, those contracts would be made under the existing authority, which has a \$100,000 limitation, by the several branches of the armed services.

I shall give the Senator from Illinois another illustration. His own memory must go back to the time when the Lafayette building was constructed in Washington. The Reconstruction Finance Corporation was approached by certain individuals, who asked that they be granted a loan of money so that they might construct a building, with an equity of not over \$100,000, if my memory is correct, which building in turn would be rented to the Reconstruction Finance Corporation.

Mr. HENDRICKSON. Mr. President, I wonder if the Senator from South Dakota can hear his own voice.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CASE. If my memory is correct, certain individuals obtained a loan of \$15 million from the Reconstruction Finance Corporation, and then got a lease agreement with the Reconstruction Finance Corporation for the occupancy of the building. The rental was guaranteed so that at the end of a certain number of years the building would be entirely paid for. Those who constructed it had but a small equity in it; but they had a nice management contract. I never thought that added too much to the luster of Jesse Jones, who approved the deal, but his defense was that the arrangement had been worked up by some of the men in the RFC, and that the RFC would pay a lesser amount in total rent than they would have to otherwise. However, the loan meant a \$15 million gift to certain individuals, or approximately that amount.

I know of a military housing project on which the FHA insured a loan for \$3,100,000, which was made in order to build housing to serve military workers on a certain military installation. The individuals concerned contended at the time that it was a Government instrumentality, so that they came under the operations of the Walsh-Healey Act and the Davis-Bacon Act, in dealing with labor. But when the assessor proposed to assess the property, they said, "No; it is a Government instrumentality. You cannot assess it." When they were

turned down on that proposition, they said to the assessor, "This property cost us only \$992,000," less than a million dollars; and yet they had received an insured loan through the FHA of \$3,100,000.

The reason why the Committee on Public Works desired to provide a restriction was in order that the General Services Administration or the Post Office Department would not, without some inspection by a committee of the Congress, enter into contracts with contractors who wanted to make arrangements whereby they could get a guaranteed rental from the United States Government for a certain period of years, at a figure which would insure them rental, profit, taxes, and the other costs which are part of the operation.

As one of our former colleagues in the House, Jim Wadsworth, said, the Constitution gave to the Congress the control of the purse and the sword. Without the restrictions provided in it the bill would take away from the Congress control of the purse, and give to the executive branch of the Government an unlimited right to make contracts for buildings throughout the country, both for the General Services Administration and the Post Office Department.

Reference has been made as to how this could be. The other day the Evening Star carried a story—

Mr. HENDRICKSON. Mr. President, may I ask how much longer the Senator from South Dakota will take to make his argument?

Mr. CASE. About 45 seconds.

The other evening the Star carried a story to the effect that the General Services Administrator envisioned a \$3 billion construction program. I submit that Congress ought not to give the head of any governmental agency the right to engage in a \$3 billion program and create liabilities for the Government without a review by a congressional committee.

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that I may yield to the Senator from Illinois without losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, everything the Senator from South Dakota has said absolutely begs the question which is before the Senate. Everything the Senator from Florida has said absolutely misses the point. We have the power here to do anything we want, but what has been done in connection with this bill is to write into it language that takes into the arms of Congress an administrative authority it does not have under the Constitution. I defy anyone who had anything to do with the bill to make anything else out of the language appearing in subsection (e).

Mr. President, President Truman vetoed a bill on that ground in 1952, and his veto was sound, because Congress had taken unto itself an executive veto, as a matter of fact, over a ministerial function.

I have before me a letter from the Attorney General which bears out that opinion, and obviously all the argument

that has been made begs the question completely and does not come to grips with what is before us in subsection (e).

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that at this time Senators may introduce bills and make various routine insertions in the RECORD, if they so desire.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I send to the desk an amendment intended to be proposed by me to the lease-purchase bill. The amendment would add a new title to the bill. At this time I wish to make a brief explanation of the amendment.

The PRESIDING OFFICER. Does the Senator from Minnesota wish to have the amendment read?

Mr. HUMPHREY. No. I ask to have the amendment printed and made available for the Senate tomorrow.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. HUMPHREY. Mr. President, I wish to make a brief explanation of the amendment.

In my opinion, one of the weaknesses of the bill, as reported by the committee, arises from the fact that the bill provides the possibility of placing a very heavy burden upon municipalities. During the time the Government is participating in a lease-purchase contract, the taxes will be paid on the facility that is constructed, and the taxes will be paid at the normal, going tax rates. But under the provisions of the bill it will be possible for the Government to accelerate the purchase, and thereby reduce to a term of 10 years a contract which otherwise might run for 20 years. Once the Government obtains title to the property, then, under the bill, the property is not taxable.

Mr. KUCHEL. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. KUCHEL. Is the Senator from Minnesota suggesting that the Government permit itself to be taxed in the case of buildings in which it conducts governmental operations?

Mr. HUMPHREY. Mr. President, because of the nature of the bill, it provides for the construction by private contractors of facilities to which the Government of the United States will not obtain title until such time as they are paid for. During that period of time, so the bill provides, taxes will be paid on the buildings by their owners.

Mr. HENDRICKSON. Mr. President, I did not yield for debate. I requested and obtained unanimous consent that at this time Senators might introduce bills and make sundry insertions in the RECORD.

How much longer does the Senator from Minnesota wish to proceed?

Mr. HUMPHREY. I shall not want more than 2 minutes.

Mr. HENDRICKSON. Very well. Then, Mr. President, I ask unanimous consent that the Senator from Minnesota may proceed for 2 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so

ordered; and the Senator from Minnesota may proceed.

Mr. HUMPHREY. I shall watch the clock carefully.

Mr. President, until Congress and the administration arrive at a formula for payments in lieu of taxes, in view of the constant growth of Federal Government ownership of real estate in the United States, the bill must contain some provision—for the bill may very well open up a tremendous construction program—to protect the rights of municipalities to have some revenue from real estate. In municipality after municipality there is trust after trust and philanthropic organization after philanthropic organization and university after university, all owning real estate. All that real estate is not subject to taxes, and such holdings have in large degree taken over the center of many cities.

Mr. HENDRICKSON. Mr. President, I do not yield for further debate.

Mr. HUMPHREY. Mr. President, I have been allowed 2 minutes, and I wish to speak for 2 minutes.

The PRESIDING OFFICER. The Senator from Minnesota has 1 minute remaining.

Mr. HUMPHREY. Mr. President, I say we are literally opening a Pandora's box, in terms of liquidating the ability of the municipalities to provide for revenue.

I have an amendment which provides that the Government shall continue to pay taxes, on the regular tax schedule, until Congress arrives at a formula for payments in lieu of taxes. I will not agree to permit any longer what has been the constant encroachment of the Federal Government upon municipalities, absorbing the tax base, paying little or nothing to the municipalities, and thereby putting a very definite hardship upon the taxpayers of the municipalities, who must take care of the municipal services.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

ORDER OF BUSINESS

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that at this time the Senator from Florida [Mr. HOLLAND] may address the Senate for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered; and the Senator from Florida is recognized.

Mr. HOLLAND. Mr. President, I thank the distinguished Senator from New Jersey, but I think I have occupied enough of the time of the Senate today.

Mr. HENDRICKSON. Mr. President, at this time I shall be glad to yield for further insertions in the RECORD.

The PRESIDING OFFICER. Are there further routine matters to be submitted?

IMPORTANCE OF THE JEWELLED WATCH INDUSTRY TO THE NATIONAL DEFENSE

Mr. HENDRICKSON. Mr. President, if there are no routine matters to be submitted at this time, I ask unanimous

consent that the Senator from North Dakota may proceed for 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered; and the Senator from North Dakota is recognized.

Mr. LANGER. I thank the Senator from New Jersey.

Mr. President, in the CONGRESSIONAL RECORD for April 6 there appears some material that has a most peculiar ancestry. It is important to our national security that the peculiar ancestry of the material be called to the attention of the Senate. Moreover, it is my strong conviction that the background of how this material came to be inserted in the RECORD is a matter which should be investigated most carefully by the Armed Services Committee.

The material to which I refer raises grave questions as to whether our domestic jeweled watch industry is a necessary part of our national defense picture.

Among other things, the material has the effect of questioning the truthfulness of the Senator from Massachusetts [Mr. SALTONSTALL], and also has the effect of questioning his understanding of national defense matters. I doubt that the distinguished Senator who inserted the material in the RECORD was aware of this, but such are the facts.

Earlier this year, the senior Senator from Massachusetts [Mr. SALTONSTALL] wrote to the Tariff Commission and stated that the jeweled watch industry is an industry vital to our national defense.

Mr. President, I now ask unanimous consent that the letter written by the senior Senator from Massachusetts be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Your Commission has before it the important question of whether our national security requires an increase in the tariff on jeweled watch and clock movements so as to insure the maintenance of this industry within our borders at the minimum level essential to our defense needs.

The National Security Resources Board has found that precision jeweled movements are essential to the security of the Nation in wartime. The Board has also found that the usual standby facilities approach to the problem of maintaining a mobilization base is unsuited to the requirements of this situation.

Two unique factors prompted this determination. First, the long training time required for the development of watchmaking skills, and, secondly, a necessity of workers being continually engaged in producing jeweled watch movements in order to maintain their skills in this precision work.

For these reasons, the Board concluded that it would be contrary to the interests of national security to permit workers in this industry to become scattered or be transferred to some other line of work not requiring the same type of highly developed skill.

Since 1951, domestic production of jeweled movements has dropped by 30 percent, and employment in the jeweled watchmaking industry by 38 percent. Today, domestic producers of jeweled movements supply but 20 percent of the domestic market.

As a Senator from Massachusetts, I am concerned with the future of an industry which employs many good citizens of Massa-

chusetts. A threat to their livelihood must, naturally, give me serious concern.

As chairman of the Senate Committee on Armed Services, however, I am concerned with the national importance of preserving within our borders, an industry vital to our national defense.

The American watchmaking industry is a unique component of our vast industrial machine. It, alone, is capable of producing the timepieces and the many other small precision time mechanisms which our experience has shown us to be essential to our national defense. Our military leaders have told us that the precision instruments produced by the American watchmaking industry in large quantities during World War II were indispensable to the successful conclusion of that war.

Responsible Government agencies which have examined the essentiality of the watchmaking industry have agreed that it is in the national interest to maintain the industry at a level of production which will insure a reservoir of workers skilled in the crafts of watchmaking.

You are, I am sure, familiar with the plight of Great Britain during the Second World War, in this vital matter. Before the war, the English watchmaking industry was beset with problems similar to those facing our own today, deteriorated to the point of nonexistence. England was dependent on the American watchmaking industry to satisfy, in part at least, the tremendous defense needs for precision instruments.

With that awful experience behind them, drastic measures have been instituted to revive the English industry solely because of considerations of the national security of Great Britain.

Up to 8 years is required to train certain of the craftsmen upon which the watchmaking process depends. Obviously, a reserve of workers skilled in watchmaking techniques cannot be developed on an emergency basis. To maintain a safe level of men skilled in these techniques, the industry must be permitted to exist on a continuing basis. The economic trials of the American watchmaking industry have caused many young men who might, in the normal course of events, have chosen watchmaking as a vocation, to turn instead to other industries which have not been plagued with the misfortunes that have befallen the watchmaking industry.

Can it be said these misfortunes are not due, in large part, to an unrealistic tariff policy?

It may well be argued that the free-trade policy to which the United States has subscribed is inconsistent with any increase in tariff rates, even for reasons of national security. The preservation of a proper defense posture is, however, accepted as a proper and valid part of a free-trade policy.

To say that the United States should rely on the productive capacity of a foreign nation, however friendly, for its supply of jet aircraft would inspire the deserved wrath of all our people, no matter what considerations might have prompted the adoption of that policy. Is not the situation which the Commission is examining today one that differs in degree rather than in kind? If imports of jeweled movements continue to increase during the next several years at the rate at which they have increased during the past several years, is it not probable that the skills of our highly trained watchmakers will be dissipated? Can we find the time necessary for the painstaking redevelopment of those skills in another national emergency?

Is it not more important than ever before to maintain our mobilization readiness to a point which reduced to the absolute minimum the time required to convert from a peacetime to a wartime economy?

These, in my judgment, are all questions which require thoughtful consideration in

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 12, 1954
For actions of April 9, 1954
3rd-2nd, Po. 66

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HIGHLIGHTS: House committee reported agricultural appropriation bill, and Rules Committee cleared it. Senate debated buildings lease-purchase bill, Sen. Anderson introduced and discussed bill for irrigation-well loans.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1955. The Appropriations Committee reported without amendment this bill, H. R. 8779, and the Rules Committee reported a resolution for its consideration without points of order (p. D398). Debate on the bill is to begin today, following consideration of D. C. bills. The "Daily Digest" states that "if a record vote is demanded on its passage on Tuesday then the vote will be deferred until Wednesday, as Tuesday is primary day in Illinois (p. D400).

Representatives of the Department agencies have been advised in detail of the Committee's actions on the estimates for the Department. Copies of the bill committee report, and hearings will be distributed directly to the agency budget offices, as soon as received, pursuant to a distribution list that has been worked out with the Department agencies. The agencies will receive the material at the same time this office will receive it. The material will not be distributed from this office. In general, copies should be obtained from the agency budget offices rather than from this office.

At the end of this Digest is a summary comparison of the Committee actions with the 1955 estimates and with total anticipated funds available in 1954, and excerpts from the committee report.

SENATE

2. BUILDINGS. Continued debate on H. R. 6342, to authorize GSA to provide for private construction of buildings with lease agreements providing for gradual purchase of the buildings by the Government. Rejected, 8 to 60, a Dirksen amendment providing for a waiting period before effectuation of the larger contracts, in lieu of the committee recommendation for agreement with the Public Works Committees on such contracts. (pp. 4664-77.)

3. WOOL PRICE SUPPORTS. Sen. Anderson inserted his legislative report of 1946 favoring a bill to authorize direct payments in connection with wool supports (pp. 4683-4).

4. DAIRY INDUSTRY. Sen. Humphrey inserted a Wholesale Grocers' Assn. letter favoring S. 3079, his bill to distribute surplus dairy products to the needy (pp. 4648-9).
5. FOREIGN AID. The Foreign Relations Committee reported with amendments S. Res. 214, providing for a study of technical-assistance programs (S.Rept. 1198, p. 4649).
6. ROAD AUTHORIZATIONS. A substitute conferee was appointed on H. R. 8127, the road authorizations bill (p. 4651).
7. FEES AND CHARGES. Sen. Bricker inserted the resolution of the Interstate and Foreign Commerce Committee recommending postponement of the Budget Circular on fees and charges and inserted the Circular (pp. 4651-2).
8. BANKING AND CURRENCY. Sen. Humphrey charged "tight credit and hard money" and said this policy has injured farmers and others (pp. 4654-64).
9. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1954. The Appropriations Committee completed hearings on this bill, H. R. 8481, and is to mark it up Apr. 13 (p. D396).
10. RECESSED until Mon., Apr. 12 (p. 4694). Legislative program, as announced by Sen. Knowland: Lease-purchase, wool supports, Carlson personnel bill, Sugar Agreement; no session Tues. or Fri. (pp. 4676-7).

BILLS INTRODUCED

11. FARM LOANS. S. 3239, by Sen. Anderson, to authorize USDA to insure loans for irrigation wells; to Agriculture and Forestry Committee. Remarks of author. (pp. 4649-51.)
12. WHEAT. S. 3285, by Sen. Neely, to donate price-support wheat to the needy; to Agriculture and Forestry Committee (p. 4649).
13. CREDIT UNIONS. H. R. 8724, by Rep. Pelly (introduced Apr. 6), to require bonding of personnel of Federal credit unions; to Banking and Currency Committee.
14. SABOTAGE. H. R. 8749, by Rep. Poff (introduced Apr. 7), to amend the anti-sabotage law so as to include forage, forest products, standing timber, and water and to make it applicable to times of emergency as well as during war.

ITEMS IN APPENDIX

15. DAIRY INDUSTRY. Sen. Lehman inserted a Dairymen's League News (N. Y.) article discussing some of the problems of milk production (pp. A2735-6).
16. RECLAMATION. Sen. Morse inserted G. H. Robinson's speech favoring the Hells Canyon project (pp. A2737-8).
Extension of remarks of Rep. Hetcalf favoring Libby Dam (pp. A2740-1).
Sen. Morse inserted a Jordan Farm Bureau Center resolution urging appropriations for continued development of Hells Canyon (p. A2743).
17. APPROPRIATIONS. Rep. Teague inserted H. T. Harrington's (Texas A&M) explanation of the proposed use of research and extension appropriations (p. A2742).

COMMITTEE HEARINGS RELEASED BY GPO

18. SUGAR. Executive B, International Sugar Agreement. S. Foreign Relations Com.

COMMITTEE HEARING ANNOUNCEMENTS FOR APR. 12: Price supports, S. and H. Agriculture, USDA appropriations for 1955, S. Appropriations.

For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Rm. 105A.

Mr. HUMPHREY. No. I think this must be clearly documented. Bank credit was increased, but productivity and the production level increased.

Mr. DOUGLAS. So the general price level, or the average of the wholesale and retail prices, remained stable during the next 20 months.

Mr. HUMPHREY. That is correct.

Mr. DOUGLAS. Is it not true that 1 month after the election of 1952, the Federal Reserve Board, for reasons best known to itself, proceeded to shrink the money base, so that in the next 5 months there was a contraction of active bank credit by approximately \$4 billion?

Mr. HUMPHREY. That is my understanding. I was alluding to that, as the Senator knows, during my remarks in the Senate.

Mr. DOUGLAS. This was accompanied by a Treasury policy of increased interest rates.

Mr. HUMPHREY. So there were two blows which came at the same time: contracting credit, with a recession, and increased interest rates.

Mr. DOUGLAS. Is it not at least possible that the Federal Reserve Board and the Treasury moved synchronously in pursuit of a common plan?

Mr. HUMPHREY. I should say the Senator's powers of perception are unusually good, now as ever.

Mr. DOUGLAS. The result was that during that period of 1953, when production was expanding, credit was contracting.

Mr. HUMPHREY. In other words, the balance which had been maintained prior to that time, from 1951 through 1953, was no longer in play. Credit was being constricted, or was being tied in closer, as production was moving up.

Mr. DOUGLAS. Was not that a cause of the contraction which occurred later in 1953?

Mr. HUMPHREY. Does the Senator mean in terms of economic contraction?

Mr. DOUGLAS. In terms of economic contraction; yes.

Mr. HUMPHREY. The dip?

Mr. DOUGLAS. Yes.

Mr. HUMPHREY. I believe very strongly that it was. I tried to point out today some statistical evidence which would bolster that point of view, namely, first, the policy which the Senator from Illinois now speaks of, the restricting or contracting of the credit base; and second, the Treasury policy of increased interest rates. The apparently designed policy of the Federal Reserve Board and the Treasury not to have the amount of credit keep pace with the amount of production, has resulted in a contraction of, a dip in, a readjustment of, or a recession in the economy.

Mr. DOUGLAS. Has not the action of the Treasury and the Federal Reserve Board reminded the Senator from Minnesota of the prescriptions of unskilled doctors, who alternately treat digestive difficulties with an excess of castor oil, and then, to meet that situation, prescribe an excess of bismuth? Would it not be better to maintain the organism in a healthy and balanced condition throughout?

Mr. HUMPHREY. I think the Senator from Illinois has missed his calling. Those are fine pharmaceutical terms, which excite my subconscious memories of days when I was a pharmacist not only in spirit but in profession. The Senator's analysis is apt and correct. He is right.

Mr. DOUGLAS. While up to March 1951 the Federal Reserve Board may have prescribed an excess of castor oil, leading to inflation, nevertheless, since January 1953 or December 1952, the Federal Reserve Board has prescribed an excess of bismuth.

Mr. HUMPHREY. I am certain the Senator from Illinois would be happy to be reminded of what Business Week had to say about this situation. Business Week, referring to the inflationary period, and then referring to the tight credit, hard-money period, said:

It is all right to put on the brakes, Mr. Secretary, but don't throw us through the windshield.

Mr. DOUGLAS. Would the Senator from Minnesota agree that Business Week never has been known to be a Democratic organ?

Mr. HUMPHREY. Not within my memory.

Mr. DOUGLAS. Is not the head of Business Week Mr. Elliot B. Bell, a financial expert, who is supposed to be the fiscal adviser to Governor Dewey?

Mr. HUMPHREY. The Senator from Illinois is correct. I thank the Senator for his observations. I again feel a sense of humility and inadequacy when discussing these matters with the Senator from Illinois. I think Congress owes the Senator from Illinois a debt of gratitude. It was the Senator from Illinois who literally led the fight from the floor of the Senate to establish an accord or a reasonable relationship between the Federal Reserve Board and the Treasury Department.

When the Treasury sought to create more bank credit than there was production, it was inflationary. But as a result of the fight which took place in the Senate, and in the Committee on Banking and Currency, with the Senator from Illinois [Mr. DOUGLAS] leading the fight, the Treasury and the Federal Reserve Board came to an agreement, and they followed the agreement up until 1953. As a result, prices leveled off. We saw the inflationary spiral checked. We saw our economy come back into balance.

Then, apparently, we moved from one hot fire to another. As the Senator from Illinois has pointed out, we moved from the castor-oil theory to the bismuth theory. Having had experience with both, I can say there is a happier way to live.

I yield the floor.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. GORE. I have listened to the provocative and penetrating address delivered by the able Senator from Minnesota. During the course of his speech I was called from the floor once, and it

may have been that I missed a reference. If I did not miss it, it seems to me that the comprehensive speech which the Senator has made should have contained, if it did not contain, some reference to the amount of short-term bonds or securities which have been converted into long-term securities.

The Senator will recall that one of the announced objectives of the Treasury Department was to convert short-term paper into long-term paper. The Senator has mentioned that the 3¼ percent interest bond was a 30-year bond. I do not here wish to express any opinion as to the merits or the demerits as between short-term and long-term securities, but it would be interesting to know with what success the efforts of the Treasury have been met in converting short-term bonds into long-term ones. I wonder if the Senator has that information readily available, or if he could supply it for the RECORD.

Mr. HUMPHREY. I think I can be of help to the Senator in that regard. This is an administration of slogans and a certain amount of ballyhoo. We have had what I suppose might be called a monetary new look. The long-term 30-year bonds at 3¼ percent interest were considerably ballyhooed. That issue was said to be a part of the new policy to convert short-term into long-term bonds in order to give more stability to the Government financial structure, so that the Treasury would not have to be going into the money market every 9, 12, or 18 months.

Mr. GORE. I cannot concede that that was the objective; I think the objective was a higher interest rate.

Mr. HUMPHREY. I should say that what I have stated was the alleged, propounded, or stated objective. What was the result? There was one issue of bonds, totaling \$1 billion, to mature in 30 years, bearing 3¼ percent interest. The great new plan for long-term financing stopped at one issue of 30-year bonds at 3¼ percent interest. The very next issue was for approximately \$6 billion of tax anticipation, 9-months certificates, on which the Treasury Department paid 1 percent interest more than it paid the previous year. Tax-anticipating certificates are literally like issuing greenbacks.

So I can say to the Senator from Tennessee that there have been no more long-term bond issues. There have been some intermediate-term issues of around 10 years, but no long-term issues such as for 20 or 25 years. I think I have answered the question of the Senator from Tennessee.

I do not claim to be an expert in this field, but I do not think one has to be an expert in order to engage in a discussion on the subject. I lay no claim to infallibility. I merely say that the subject matter warrants the fullest consideration by the Members of Congress, and I strongly protest the President's inaction in filling vacancies existing on the Federal Reserve Board. I say that the President's failure to fill the vacancies has prejudiced the whole financial operations of the Government, so that

they are out of balance. The law governing the operation of the Federal Reserve Board was specific, and the law was written in the way it was written for a particular purpose—to give the public interest greater consideration than private interests.

I wish to thank the Senator from Tennessee and all the other Senators who have participated in the discussion.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes, and for other purposes.

The PRESIDING OFFICER. The question is on agreement to the amendment of the Senator from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN obtained the floor.

Mr. MARTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Pennsylvania?

Mr. DIRKSEN. I yield provided I do not lose my right to the floor.

Mr. MARTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is ordered.

The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN].

Mr. CASE. Mr. President, I rise in opposition to the amendment of the Senator from Illinois, which would strike from the bill the sections in which the committee has recommended that the Administrator of General Services or the Postmaster General as the case may be come into agreement with the Public Works Committees of the House of Representatives and of the Senate with regard to any project involving an annual payment in excess of \$20,000.

During the brief discussion of the amendment which occurred yesterday it was pointed out that it is somewhat similar to a provision which exists in the law today with respect to real estate transactions of the armed services or the Defense Department.

Mr. President, at the outset of my remarks today, I should like to say I would not accept any generalization that the amendment is on all fours with the law relating to the Defense Department. There is good constitutional reason for that, namely, that article I, section 8, clause 14 of the Constitution spells out in so many words the authority of Con-

gress regarding the land and naval forces. Of course, at that time the Air Force did not exist. That part of the Constitution provides that—

The Congress shall have power * * * to make rules for the Government and regulation of the land and naval forces.

Mr. President, the existing law which relates to the armed services is based fundamentally upon that specific provision of the Constitution, although it is buttressed by other provisions which I think are applicable to the situation confronting us in connection with the pending measure.

I repeat:

The Congress shall have power * * * to make rules for the Government and regulation of the land and naval forces.

The law with respect to the Defense Department succinctly states that the Secretaries of the Army, the Navy, and the Air Force, or the Administrator of the Federal Civil Defense Administration, must come into agreement with the Committees on Armed Services of the Senate and of the House with respect to the named actions of those agencies relating to certain real estate transactions dealing with the armed services.

So I do not accept the idea that the question before us is on all fours with that relating to the armed services. However, there is constitutional ground for thinking that the legislation proposed by the committee does come within the authority granted to Congress by the Constitution.

The first citation I wish to make in support of that statement is that the Constitution specifically places in the hands of the Congress control over expenditures of money from the Treasury. Article I, section 9, clause 7, provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

The pending legislation proposes to create commitments which the Government would be obligated to observe, and to discharge which the Congress would be required to make appropriations. So I submit that under the general clause relating to drawing money from the Treasury, Congress certainly has the authority to prescribe a condition precedent to the finality of any appropriations of public money. That is what we propose here.

In addition, in article I, section 8, clauses 1 to 18, other powers of the Congress are spelled out. I read in part therefrom:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and—

* * * * *

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof.

The pending bill would grant authority to the Administrator of the General Services Administration and to the Postmaster General to incur debts in behalf of the United States. Certainly, the clause giving Congress the power to pay the debts, taken into consideration with

the previous clause which I read, that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law"—which, of course, can be made only by an act of Congress—clearly demonstrates that the Constitution contemplates the exercise of a power such as is here suggested, namely, that these debts should not be incurred except by agreement with the action of the Congress.

So with respect to the acquisition of property, or the incurring of obligations, the incurring of debts, and the commitment to draw money from the Treasury, in this bill Congress is simply prescribing conditions precedent to the finality of appropriations of public money paid for the purpose of acquiring property.

Congress alone has the undoubted, sole, and absolute power to appropriate money. In making such appropriations it has not only the power, but the duty, of specifying the purpose for which such appropriated funds may be used. As a corollary to that, Congress undoubtedly has the power to make such specifications less rigid, or to make restrictions on appropriated money more flexible, or to make them more rigid. The Constitution places in the hands of the Congress the strings to the purse of the Nation.

Anyone reading the deliberations of the Continental Congress or the Constitutional Convention must realize that the colonial authorities and the delegates to the Constitutional Convention were greatly concerned about preserving in the hands of the Congress control over the purse strings of the Nation. So it provided how those strings might be untied; and all details of the untying are within the explicit power of the Congress.

A portion of the bill deals with the disposition of property as well as the acquisition of property. Here, if anything, the principles of the Constitution are even more closely spelled out, so far as specific regulation is concerned. In my own opinion—and I submit it merely as my opinion—the Founding Fathers never conceived the idea that anything could be done in the way of incurring debts or acquiring property by a commitment to pay money out of the Treasury unless it were done under the authority of the Congress to pay debts. But with respect to the disposal of property, the Constitution, in article IV, section 3, provides, in the second clause, that—

The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States.

The authority of the Congress under that constitutional provision has received a broad interpretation and application. It does not seem to require any particular interpretation, however, to say that that authority covers every provision of the bill as proposed, with regard to the disposition of property, insofar as it appears to make clear that the Congress, or any committee thereof, should have a voice in the disposition of property.

I may say in that connection that the law relating to the disposal of surplus

property, the act of 1949, relating to Federal property and administrative services, in itself seeks to bring the disposal of surplus property under the review of Congress, for it provides, in section 203, paragraph (e), that—

Unless the Administrator shall determine that disposal by advertising will, in a given case, better protect the public interest, surplus-property disposals may be made without regard to any provision of existing law for advertising until 12 o'clock noon, eastern standard time, June 30, 1953—

I understand that the time has been extended to 1954. I continue to read:

Provided, That an explanatory statement shall be prepared and submitted to the appropriate committees of Congress, and a copy preserved in the file, in all cases where negotiated disposal occurs.

The following rules can be deduced from the judicial decisions construing the clause of the Constitution which I have read:

First, the congressional power to dispose of public property is absolute and without limit. There is no modification anywhere in the Constitution of the clause I have read that—

The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States.

Second, the method of disposal must be left to the discretion of Congress. Otherwise, how would any other method of disposal acquire any validity at all, except by derivation from the congressional expression of its power?

Third, Congress can make the disposition on such terms and conditions, and subject to such restrictions and limitations, as it conceives will best promote the public welfare.

Fourth, Congress may limit the disposition to a method consistent with its view of public policy. The congressional power is exclusive. Neither the President nor any executive department has the power, in the absence of express authority conferred by Congress, to dispose of public property. Certainly Congress, in conferring the power of disposal, may couple with the power limitations and restrictions. It can make any individual an agent of the Congress if it so desires. It can make a committee of the Congress an agent if it so desires. It can make the General Accounting Office, the Bureau of the Budget, the Administrator of the General Services Administration, the Post Office Department, or any other agency or individual it chooses to designate, an agent of the Congress. It can do so under the exercise of its power. But no person in the executive branch, on his own, can acquire any such power except by an application of the power of the Congress itself.

In connection with the legislation proposed, it seems to me that the constitutional bugaboo which has been raised by the argument of the Senator from Illinois [Mr. DIRKSEN] in connection with the amendment which he proposes ought to be discarded by the Senate in its consideration of this measure.

Mr. CARLSON. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I am happy to yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I have been listening with great interest to the remarks of the Senator from South Dakota regarding his views of the constitutional authority with regard to entering into lease-purchase agreements and the part the legislative branch of the Government should play in the final action.

I have before me a copy of a letter written by the Department of Justice, which is found at page 4601 of the CONGRESSIONAL RECORD. I shall read one paragraph from the letter:

It is clear that Congress could reserves to itself the power to determine in the form of regular legislation whether a particular purchase contract agreement should be made.

There is no question about that.

Historically, Congress has enacted many laws authorizing specific real-estate transactions on behalf of the United States. On the other hand, Congress may by legislation empower executive officers to execute such transactions subject to whatever general legislative standards Congress chooses to prescribe. But while Congress may thus elect whether such decisions shall be made by legislative or by executive action, it cannot place the power to make such decisions in its committees.

Will the Senator comment on that statement?

Mr. CASE. I shall be very glad to comment on it. I am sure the distinguished Senator from Kansas recalls the days when the so-called Reorganization Act was debated in the House. He was a Member of the House at the time, and so was I. I believe we had two different reorganization acts before us. At the time John O'Connor was chairman of the Committee on Rules, and Eugene Cox, of Georgia, was a member of the Committee on Rules, there was a great deal of discussion with respect to the validity of the Reorganization Act. I do not recall the precise part of the Kansas City stockyards decision which was cited in the debate, but reference was made to that decision. Perhaps the Senator from Kansas recalls more of it than I do. However, I do recall that the late Chief Justice of the United States Supreme Court, Fred Vinson, participated in the discussion. My recollection is that his argument was that Congress was not delegating its legislative powers in designating the President of the United States as the person to file executive reorganization plans with Congress, because it was acting, not on the assumption that the President was the President, and it was not giving to the President authority to legislate as the Chief Executive, but it was designating the President of the United States as an agent of Congress to make certain findings, and that where it prescribed standards for the findings—standards of economy and efficiency—the President or any individual whom Congress might designate as the agent of Congress could make the findings, and that that did not constitute unwarranted legislative authority.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CASE. May I conclude my thought on that point? Therefore, I contend here that if Congress wants to designate a committee of the Congress, or if it wants to designate the General Accounting Office, or if it wants to designate the Bureau of the Budget, or if it wants to designate the Administrator of the General Services Administration, or whomsoever it wishes to designate as an agent of Congress, it can do so and have the agent make a finding, and such designation is consistent with the theory upon which the Reorganization Act was passed, and consistent in this case with carrying out its legislative prerogatives.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. CARLSON. I appreciate the statement of the Senator from South Dakota. I remember the debates and discussions that took place some years ago in the House of Representatives, to which the Senator from South Dakota has referred.

What gives me concern—and I believe it must give concern to other Members of the Senate—is whether the provisions of the bill which are now in question do not constitute an assumption by the legislative branch of a power which is constitutionally reposed in the executive branch of the Government.

In other words, we are dealing here with a direct agency of the executive branch of the Federal Government. I believe we should be very careful to avoid, if possible, the danger of writing legislation which would take from the executive branch by action of the legislative branch functions which belong to the executive branch of the Government. That is the point I am concerned about.

Mr. CASE. It is well that the question has been raised. However, going back to the citations I have given, under which Congress has the specific authority to dispose of property of the United States, Congress has the specific authority to pay debts of the United States, and Congress has the exclusive power of drawing money out of the Treasury, under the section of the Constitution which provides that money shall be drawn out of the Treasury only in consequence of appropriations made by law, it seems to me to be pretty clear that Congress can provide a condition precedent to the incurring of any obligations and debts in the acquisition of property.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CASE. I yield further.

Mr. CARLSON. I believe the Senator from South Dakota has made a very good point. The legislative branch of the Government does have great power when it comes to directing the executive branch; but does the Senator from South Dakota believe that the legislative branch of the Government should go so far as to inform a department of the Government that it is not authorized, for example, to enter into lease contracts without first coming to certain committees of Congress?

Mr. CASE. That is done with respect to leases in the armed services when a payment exceeds \$25,000.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. HOLLAND. Does not the Congress have complete authority not to grant any authorization at all for the purchase of property through lease-contract arrangements?

Mr. CASE. I would say so. There is no requirement that Congress must enact this legislation at all. There is no requirement that Congress must pass any bill authorizing the Post Office Department to build a post office or any other building. The new courthouse, the new Census Building at Suitland, or any similar building could be cited as an example. Congress was not required to build any of those buildings. Congress can, in its judgment, do so. Likewise, it can make provisions such as are proposed here.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. CARLSON. I used the words "lease contracts"; I did not use the words "lease-purchase." I question whether we should go to far, or whether it would be advisable, as to provide that a legislative committee may authorize, or permit, or may not authorize an executive agency of the Federal Government to enter into a lease agreement. I did not deal with lease-purchase agreements.

Mr. CASE. That is not proposed here. The bill does not propose to curtail the straight leasing authority of the two executive agencies.

Mr. HOLLAND. Mr. President, will the Senator further yield?

Mr. CASE. I yield.

Mr. HOLLAND. Is it not implicit in this whole legislation that the process of making individual authorizations in each case, and then the individual findings in each case by Congress as to how to proceed in construction and as to how much to put into construction, has become so burdensome that those subjects are not receiving adequate attention by Congress, and they cannot receive adequate attention without impairing the ability of Congress to carry its overheavy load of work? Is it not likewise true that this is an effort to release the executive departments in a field where they have never been released before, so that they may meet that situation in a practical way, but with the retention by Congress of merely a part of its own responsibility, namely, that of having to agree on the larger projects before it permits a commitment of the Federal credit?

Mr. CASE. I believe the Senator from Florida has put his finger on the philosophy of this proposed legislation that ought not to be lost sight of. This is not a curtailment of the executive power. Instead, it is a grant of power by Congress, because without this legislation Congress would be finally engaged in a public building program. If we followed the traditions of the past and the past practices we would be considering, not this broad program, under which an

agency can step out and engage in a public building program, but we would be considering, instead, a bill that might have several lined items, in which Congress would be examining this item for a postoffice in this community, or that item for a building in that community. This is an attempt to share that responsibility with the executive branch of the government, letting it exercise its initiative, but providing that, as a condition precedent to the actual incurring of the obligation, the executive branch must report back to Congress and come into agreement with Congress.

On that particular point, in view of the experiences I have had in the Committee on Armed Services in dealing with real estate transactions of the Armed Forces, I have thought that possibly we should spell out in some detail the kind of a report which should be made to the Congress. So, Mr. President, I should like to leave a suggestion of some clauses which I think might very well be incorporated in any report submitted to the Congress or to congressional committees.

I suggest the following amendment:

On page 4, line 11, strike out all of paragraph (e) and on page 11, line 6, strike out all of paragraph (g) and insert in each place in lieu of the stricken matter the following:

"No proposed purchase contract agreement calling for the expenditure of more than \$10,000 per annum shall be executed under this section unless 30 days prior to the calling for bids on such contract, there has been submitted to the President of the Senate and to the Speaker of the House for appropriate reference to committees a prospectus of the proposed project which shall include—

"(a) A brief description of the building to be erected at a given location;

"(b) An estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(c) A certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(d) A statement by the administrator of the General Services Administration that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(e) A statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(f) A statement of the requirements for taxes, or payments in lieu of taxes, for upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(g) A statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected;

"(h) A statement that bids for the proposed project will not be advertised until after consultation if within 15 days following the submission as herein provided the committee to which the prospectus is referred requests consultation with respect to the proposal."

In subparagraph (a), by the word "location," I mean the general area, not the specific site.

Mr. President, the subparagraphs from (a) through (h) are ones which it seems

to me it would be useful to have incorporated in whatever provisions, the bill finally carries with respect to a report or prospectus to be submitted by either the General Services Administration or the Postmaster General to the Congress, in order that the committee to which the report is referred will have some real facts and pertinent data upon which to base any opinion it may reach as to the desirability of the contract.

Mr. President, in our experience with real estate in the Armed Services Committee we have found that in some instances there has not been complete agreement between the using agency, for instance, the Civil Defense Administration, and the General Services Administration as to what space requirements actually existed. So it seems to me, Mr. President, that the using facilities which will occupy the space ought to supply a certificate that the space is actually needed and that they are willing to have the funds to be expended obligated to meet the requirements of the debt incurred.

In reference to subparagraph (b), let me say, Mr. President, that I mean they should not go ahead and construct a building in any general area if the Government already owns a building in that area which could be used for the purpose suggested, or if space could actually be rented there on a more economical basis than a building could be acquired under a lease-purchase agreement.

Mr. CORDON. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. CORDON. I refer the Senator to page 6, paragraph (h), of the bill, which provides as follows:

With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

What is the view of the Senator as to the power of the appropriate Government official to provide in his rental contract for the payment of the taxes on the property rented directly by the Government of the United States?

Mr. CASE. If the Senator will pardon me, there was so much confusion at the time the Senator was phrasing the first part of his question that I missed several words.

Mr. CORDON. The first part of it was the reading of paragraph (h), on page 6 of the bill.

Mr. CASE. I followed that.

Mr. CORDON. I wish to know the view of the Senator from South Dakota as to whether, by the language of the bill, the General Services Administration is empowered to make a lease-purchase contract, under the terms of which the Government will become primarily responsible for the payment of the taxes reserved in paragraph (h) as, let us say, a part of the obligation in rental.

Mr. CASE. I can give only my personal opinion on that. In my opinion, the language of the bill does permit that to happen. However, I think it has been suggested that there may be offered an amendment which would differentiate between payments under a lease-pur-

chase contract and the additional amount for taxes. The reason for that may be that the taxes might change and it would be impossible to determine at the outset of making a contract what the taxes will be 10 years from today.

Mr. CORDON. Is it the Senator's view that it would be inadvisable to enact a law which would leave open-ended the amount of rental to be paid on a given structure?

Mr. CASE. By reason of a variation in taxes?

Mr. CORDON. Yes.

Mr. CASE. If the Senator is asking for my personal opinion—

Mr. CORDON. That is what I am asking.

Mr. CASE. It may be somewhat at variance with the opinion of the committee. I should personally have preferred to have a transfer of title within a year after the construction of the building, the reason for that being that in connection with the savings realized by having a public building to house public agencies, and particularly post-office activities, in the past it has always been considered that we should deal with amortization. I recognize that there is a growing amount of federally owned property throughout the United States, and with respect to large acquisitions of property, I think the problem of local taxes has to be considered. However, there are very few communities in the United States which have been reluctant to ask for a Federal post-office building on the ground that if they had such a building there would be a new structure on which the town or city would not obtain taxes. They have been willing to accept a post-office building in return for the greater service which comes with a post-office building.

I should prefer to have the bill provide for transfer of title at an early date during the operation of the lease-purchase agreement, in order that the Government would be relieved of the tax factor which would be added to the amortization of the cost of the building.

I was somewhat impressed by a private conversation which I had with a Senator a few days ago in which he pointed out that once a person has a contract with the Government he does not need to worry about the security. It is not like the position of a private operator who retains title until a certain amount of the equity has been extinguished. The contractor would be sure of receiving his money. In private transactions frequently title is retained until the purchaser has paid 50 percent. It is not necessary to go through the formality of mortgage foreclosure and what not until the purchaser has acquired a very substantial equity in the property, usually 50 percent.

Mr. CORDON. I am particularly intrigued with the possibility of a situation which might arise under the language of this bill. Under the terms of the bill the General Services Administration might make a contract for the payment of a specific rental as a yardstick for increasing acceleration in annual rental over a period of time, or a

deacceleration, in which case the act, if the bill becomes an act, would put in the hands of the taxing authorities in the area where the particular property is located the right to pass a law providing for appropriation of funds from the United States Treasury.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. CASE. I yield to the Senator from California.

Mr. KUCHEL. I may say that the committee is of the opinion that what the Senator from Oregon now brings to the attention of the Senate will be taken care of by an amendment to be offered on behalf of the committee, prompted in great part by comments made yesterday by the senior Senator from Virginia [Mr. BYRD]. That amendment will provide so far as taxes are concerned, that they shall be separate and apart from the rental payments which are entered into.

However, I desire the distinguished Senator to understand fully that under the bill, with the amendment which is to be offered later this afternoon, the Federal Government will still be in a position to agree to pay the taxes during the time the lease-purchase agreement is in being, and before title has been transferred to the Government.

Mr. CORDON. Mr. President, will the Senator from South Dakota further yield?

Mr. CASE. I yield to the Senator from Oregon.

Mr. CORDON. It seems to me that we still have not reached the meat of the objection. The bill contains a provision that until title is acquired by the United States Government, the land shall be subject to taxes. The tax which will be due and payable will depend upon two factors: First, the valuation placed on the land; second, the rate of the levy. The valuation multiplied by the levy will represent the number of dollars of tax due each year on the particular property. The Government of the United States has nothing whatever to do with the mechanics of placing the tax against the property, nor with respect to its amount. If the lease calls for the payment of a specific amount, which shall include or exclude any other contingency, then it will make no difference to the Government of the United States what the taxes are. But if the Government covenants to pay the taxes, then there is no certainty as to what the leasehold amount will be annually, and the result will be a delegation of legislative authority by Congress to local government.

Mr. CASE. The Senator from Oregon might go further and say there will be a delegation of sovereignty. I have never accepted the idea that any local taxing body ought to have, if it had, the right to levy taxes against the United States Government. It seems to me that that is a violation of sovereignty. I have thought that, under certain circumstances, the Government could make payments in lieu of taxes, but I have never thought that Congress should pass any law which accepts the idea that the rate of levy determined by a local body

should have any binding effect upon the United States Government.

Mr. CORDON. Mr. President, will the Senator further yield?

Mr. CASE. I yield.

Mr. CORDON. I do not wish to be heard to say that this is a delegation of legislative authority. I merely raise the question as to whether it is.

What bothers me is that if there are to be a great number of leasehold purchases, scattered throughout the United States, with a requirement in the lease that the United States must itself pay taxes, then we are charging our administrative authorities with an unconscionable burden in determining the equity and soundness of the charge.

The act itself should provide, in my opinion, the full rental, and leave the charge or the requirement for paying taxes as an obligation of the owner of the property.

Mr. CASE. Certainly there is the advantage which the Senator points out in such an arrangement. There is, however, a disadvantage, and it is that the purchase agreements which would be made at this time would require the contractor to base the amount he requests as the payment to be made to him upon the current tax levels.

My own opinion, based on observations in my area of the country, at the present time at least, is that current rates of assessment and current rates of levy are rather high. If a prospective contractor were to fix an amount at which he would feel safe or secure over a period of years, he would have to include in his estimate a figure based upon what I hope are high levies. I mean I hope they are high levies because I should hope taxes will go lower. Thus the Government might be bound to the payment of a rental 10, 15, or 20 years from now based upon tax levels of today, which I hope are higher than they will be 10, 15, or 20 years from today.

Mr. CORDON. Mr. President, will the Senator yield for another question?

Mr. CASE. I yield further.

Mr. CORDON. I call the attention of the Senator to paragraph (b) on page 3 of the bill, as follows:

(b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

I should like to know, first, whether the term "existing properties," in line 5, on page 3, means properties the title to which is in the Federal Government.

Mr. CASE. My answer to the Senator's question is "No." I see the Senator's point. I think his concern is one that might naturally arise. At the same time, if he will read closely paragraph (h), on page 6, which he previously read, he will observe the following:

(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

I do not believe that that would relate to existing property.

Mr. CORDON. If it does not relate to Federal property, why is it in the bill?

If paragraph (h) does not refer to property the title to which is in the Federal Government, how is it at all germane?

Mr. CASE. It is with respect to existing properties.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. KUCHEL. The reason for the inclusion of paragraph (b), on page 3, I may say to the able Senator from Oregon, is that it permits the General Services Administration to enter into lease-purchase agreements with a private individual owning a piece of land with a building thereon, which the General Services Administration believed to be the type of building it could occupy, with certain alterations. Therefore, specifically in paragraph (b) that type of authority is given to the Government.

Mr. CORDON. Then, it was the purpose of the committee to limit the application of paragraph (b), on page 3, to properties privately owned, and not to include therein properties owned by the Federal Government at the time the contract was made. Is that correct?

Mr. KUCHEL. The Senator is entirely correct, because in an instance in which the General Services Administration owned the fee and the building thereon, any remodeling which was done to the building would be under the Government's title, and could not, I believe, be the basis for a lease-purchase agreement.

Mr. CASE. If the Government owned the building in fee, the building would not be subject to tax anyway.

Mr. CORDON. Mr. President, will the Senator further yield?

Mr. CASE. I yield.

Mr. CORDON. If the Senator from Oregon correctly understands the bill—and he is not quite certain that he does—paragraph (c), on page 3, would appear to contemplate the improvement by the United States of unimproved real property owned by the United States. Is that correct?

Mr. CASE. That is correct.

Mr. CORDON. In that event, it would appear that paragraph (b) cannot refer to land, the title to which is in the United States. Is that also correct? I think that the making of a history of the bill will be valuable for the future.

Mr. CASE. I desire members of the subcommittee who worked directly on this part of the bill to correct me if I am incorrect, but my understanding is that under that paragraph, if the Government owned a piece of land on which a building had not been built, or on which there was a building which was inadequate, or something which could be demolished, the Government might enter into an agreement with a contractor, whereby the building would be transferred to the private contractor as part of the agreement, and title might be transferred.

If, however, it were a building which the Government owned and used, and

it was proposed merely to construct an addition, then I think the Government could retain title; and if it retained title, the property would not be subject to taxes.

Mr. CORDON. Is it the Senator's view that the last contingency mentioned by him would be possible under paragraph (b)?

Mr. CASE. I think it would be possible for the Administrator of General Services to enter into a contract for the construction of a building on Government-owned land, yes.

Mr. CORDON. Paragraph (b) has to do with conversions, additions, extensions, and remodeling. I call the Senator's attention to the fact that if the Government owns real property, and enters into a contract in regard to any of the activities I just mentioned—to convert a building, to construct an addition or extension, or to remodel the building—as a result of a contract made to achieve any of those purposes there would come into being under the terms of the proposed law a curious situation. Title to a part of the building would be in the Federal Government, and title to the new addition, conversion, or remodeled part would be in a private person. The whole situation would become utterly fantastic and impossible.

Mr. CASE. What the Senator has stated is not necessarily correct. First of all, the provision about committee review would be very useful in such a situation.

Mr. CORDON. I suggest that a good time for that review is right now, before the Senate passes the bill.

Mr. CASE. Can the Senator from Oregon conceive of a situation wherein the Administrator of General Services would, with regard to a Federal building now owned by the Federal Government, on land owned by the Federal Government, enter into a contract for remodeling whereby the contractor would acquire title to a portion of the property, to wit, the addition?

Mr. CORDON. Because the Senator from Oregon has just expressed his view that it would be fantastic and impossible, he wants to make as certain as he can that there is no such provision in the bill.

Mr. CASE. There is no such situation contemplated by the bill.

Mr. CORDON. I hope the Senator from South Dakota will give some thought to an amendment of paragraph (b) so as to expressly exclude property title to which is in the Government. Then there would not be any trouble.

Mr. CASE. In the first place, I do not understand how, when real property is being dealt with, and the Government has fee title to a building, a contract for an addition to the building can transfer to a private person title to the part of the building which is comprised in the addition.

Mr. CORDON. I suggest to the Senator that the bill carries such a provision. The Government cannot make a lease-purchase from somebody unless the person from whom the property is purchased has something to sell.

Mr. KUCHEL. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield to the Senator from California.

Mr. KUCHEL. I wish to say to the Senator from Oregon that the entire and single reason why the subcommittee and thereafter the full committee, retained paragraph (b) on page 3 of the bill, was to give the Administrator, if in his discretion he thought it was in the interest of the Government, authority to enter into a lease-purchase agreement with a private owner who had a piece of property already improved with a building. I say to the Senator from Oregon, who is a much better lawyer than I am, that I do not think it is possible to use paragraph (b) in a situation where the Government has title to the property and has alterations made to property which it already owns.

Mr. CORDON. Will the Senator yield for a suggestion?

Mr. KUCHEL. Yes.

Mr. CORDON. Would it not then be well to clarify the provision and save time, by adding on page 3, line 5, before the word "properties," the words "privately owned," so that there could be no question about it?

Mr. CASE. Mr. President, I should like to have the suggestion of the Senator from Oregon taken under consideration by the subcommittee which worked on the bill directly, and let the members of the subcommittee make their comment after giving the suggestion further thought. The Senator from South Dakota is not a member of the subcommittee. So far as I am personally concerned, I do not wish to make a committing answer.

Mr. CORDON. Will the Senator yield for another comment?

Mr. CASE. Yes, I yield briefly.

Mr. CORDON. In paragraph (c) there is provided authority for the Administrator of General Services "to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demolition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of." I call the Senator's attention to these words, "the applicable purchase contracts."

It is clear from such language that there will be no purchase contract so far as realty is concerned, because title will be originally in the Federal Government with respect to the real property. The purchase contract can only go to the improvements constructed on the real property.

Mr. CASE. Unless there was a prior transfer of the real property to the contractor as a part of the agreement.

Mr. CORDON. Do I understand the Senator to say that would be necessary?

Mr. CASE. I say that might be done.

Mr. CORDON. Is this bill authority for selling real property of the Government? That is what would have to be done.

Mr. CASE. Certainly that is not the primary purpose.

Mr. CORDON. I suggest to the Senator that the language is directly sus-

ceptible to a construction such as I have indicated, which would permit the construction of a building by a private agency and the holding of title to the building by the contractor until the building was paid for by the Government, in which case the building on the land would be personalty, and the land would be realty, and both would be subject to local taxation. It does raise a question which is always before the Senate; namely, the question of liability for taxes.

Mr. CASE. I should like to point out that the General Services Administration has authority to dispose of real property today, under provisions of another law, under certain circumstances.

Mr. KUCHEL. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield to the Senator from California.

Mr. KUCHEL. I wish to read very briefly from the report of the committee on the specific section to which the Senator from Oregon has referred. I now read the paragraph:

An important feature of H. R. 6342 is the authorization to the Administrator of General Services (contained in subsec. (b) of the proposed new section) to exercise the powers granted by the measure with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

And then there follows this language:

From time to time properties become available at reasonably low prices as they become surplus to the owners' use. Often these properties can be converted and remodeled so as to make satisfactory quarters for the Government. This is particularly true with respect to warehouses and semioffice buildings, and in cases where the business center of a city has shifted, and a considerable reduction in real-estate values occurs in the location of the former center.

So that the entire intention was with respect to property in private hands.

I shall, however, ask the committee staff to study the Senator's suggestion.

Mr. CARLSON. Mr. President, will the Senator from South Dakota yield for a question?

The PRESIDING OFFICER (Mr. BARRETT in the chair). Does the Senator from South Dakota yield to the Senator from Kansas?

Mr. CASE. I yield.

Mr. CARLSON. I wish to inquire whether the provisions of the amendment the Senator from South Dakota has read for the information of the Senate would in any way affect the requirements found in section 202 (a), in a case in which the Postmaster General determines the need for a building. I also wish to ask what effect the amendment would have on that section, if the amendment should be adopted by the Senate.

Mr. CASE. It would have no effect on it. Section 202 requires the Postmaster General to determine that there is a substantial need. The amendment would require a certificate of the need to be filed as a part of the report given to the Congress.

Mr. CARLSON. Would not the language of the amendment be largely duplicative or surplusage?

Mr. CASE. No; it would not be surplusage. The Postmaster General would have to make the determination of need. The proposed additional language would require him to make that statement as a part of the report submitted to Congress.

Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, I recur to the amendment I submitted yesterday afternoon with respect to what I conceive to be a usurpation of executive power by the legislative branch in requiring an agreement with certain committees of Congress before any of the so-called lease-purchase contracts can become effective.

Before I proceed further, Mr. President, I ask that my amendment be modified slightly, by changing the figure "30," where "30 days" appears, to "45."

The PRESIDING OFFICER. The modification will be made.

Mr. DIRKSEN. That will make the amendment conform to the rule, so the amendment will not be subject to a point of order.

Mr. President, yesterday afternoon we labored this matter somewhat.

At the very outset I wish to pay a compliment to my friend and associate the junior Senator from California [Mr. KUCHEL]. This is no casual matter, Mr. President, because the Committee on Government Operations has had it under study for a number of years. At long last there appeared on the calendar last July a bill dealing with this subject matter. That bill honors me by bearing my name, I say very modestly. However, Mr. President, I have never had any pride of authorship about it; and when the question arose I was only too glad to forego whatever glory there may have been in it, so that the Public Works Committee could proceed to hold hearings, prepare a bill, and get it ready for consideration.

So, Mr. President, after a good many years, going back to a prior administration, at long last the bill appears. I hope it will be carried to consummation, so that this very important piece of proposed legislation, which will afford decided and tangible benefits to every section of the country and, I think, will require the aspirations and hopes of many communities that have been frustrated by lack of facilities, will not be enacted.

Mr. President, we owe a debt of gratitude not only to the junior Senator from California, the chairman of the subcommittee, but also to the very esteemed and distinguished chairman of the full committee, the Senator from Pennsylvania [Mr. MARTIN]. I salute both of them at once and the same time for having been so diligent in this matter and for having brought this very important piece of proposed legislation to the floor.

However, Mr. President, from a sense of conviction I take issue on only one item in the bill, namely, the one requiring that there be agreement by congressional committees to which the projects shall be referred. I regard that provision as a very definite infringement on executive power.

I have always said to the world, Mr. President, that I have a wholesome respect for the Constitution, as I interpret it. I always have maintained that position, and I always will. I, for one, would never willingly or knowingly approve a proposal which I thought constituted a clear deviation from the separation of powers provided in the Constitution of the United States.

I believe, Mr. President, this provision of the bill constitutes a clear invasion of that power. No one can read the language on page 4 of the bill, in paragraph (e), and come to any other conclusion, for when it is skeletonized, it says, in effect, that no proposed purchase contract shall be executed unless the Administrator has come into agreement with the Committee on Public Works of the Senate and of the House of Representatives with respect to such purchase contract agreement. That is an absolute and unqualified sharing of an administrative function by the legislative branch. In that respect I share, I believe, the doubt of the Attorney General whose message came to us yesterday afternoon, in which he says there is real doubt about the constitutionality of such a provision.

Mr. President, I think the language of that provision speaks for itself. As I recur to the language, I must point out one thing which has been belabored here, and which I think has created an erroneous impression. There has been much discussion about the authority Congress has. But what is said in this portion of the bill, Mr. President, is that a committee of the Congress shall have an unqualified and unrestricted veto power. If the provision did not involve a constitutional question, I would still be opposed to it, for the very good reason that I will not agree to alienate from myself the authority I have as a Senator by having some matter that is germane and relevant to the interests of the people of Illinois and of myself vetoed by a group of other Senators with whom I have an equal prerogative. Very conceivably, there might be in Illinois a project that might be agreeable to the Postmaster General and might be very agreeable to me, and might be very acceptable to the people residing in that community; but this provision of the bill says that unless the project carries the agreement of the members of a committee of this branch, the committee can veto it, no matter how acceptable it may be to all others concerned.

So, Mr. President, quite aside from the larger constitutional question and the question of executive power, as involved here, I would still be opposed to that sort of proposal or provision.

Yesterday it was argued that this provision involves the power of the purse. The power of the purse is not involved here. What is involved is a ministerial function, long before we ever get to the authority of the legislative branch over the power of the purse. We must recur to the language of the paragraph itself. It simply provides that an officer of the executive branch, performing a wholly administrative function, must come into agreement with the Commit-

tees on Public Works of the Senate and the House of Representatives. When we reach that proposal we must resolve it as a question of power, long before the power of the purse is ever involved.

If we are disposed to do so, we can exercise the power of the purse by refusing to give the General Service Administrator or the Postmaster General any money whatsoever for the purpose of carrying out these purchase contracts. We do not have to grant authority to make a single lease-purchase contract. The power of the Appropriations Committee can be brought to bear on this question.

What is before the Senate concerns the execution of a contract with respect to which the negotiations and the spade work have been conducted by the administrative branch of Government. Then the Congress says to the administrative branch, "Very good. You can affix the appropriate signatures in the name of the people of the United States, but the contract cannot go into effect until you have come into agreement with certain committees of the legislative branch." The power of the purse is not involved. It is wholly a ministerial power with which we are dealing at the present time.

I contend that the pending proposal is a mitigated invasion of the executive power of the Government, and certainly I cannot support a proposal of that kind.

Mr. CASE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CASE. If I may be permitted to do so, I should like to make an observation and then submit a question.

My understanding of the general effect of this bill is to make it possible for the Federal Government to borrow money for the purpose of financing the construction of public buildings; so essentially it is a money-borrowing project.

I should like to ask the Senator from Illinois what he has to say in relation to section 8 of the Constitution, which provides that Congress shall have the power to do certain things, among them, the power to pay the debts; and also that Congress shall have the power to borrow money on the credit of the United States. That is not a power which is shared with anyone else. Will not the Senator agree with me that this operation is essentially the borrowing of money through a purchase agreement, a financing agreement, that it involves the incurring of debts, and that therefore the Congress does have a power granted to it by the Constitution which is not granted to the executive branch of the Government?

Mr. DIRKSEN. Such a conclusion does not follow at all. It may not be necessary to borrow money—God willing—if we ever reach the time when we have a balanced budget. That would be a moot question, indeed, under those circumstances. But it seems to me that the relationship there is so slender that I have difficulty in following my friend from South Dakota on that point.

Mr. CASE. It is my recollection that when a certain New Englander was in the White House at one time he referred to certain funds which had been ex-

tended in the form of credits to countries abroad, and when asked a question about collecting interest on such funds he replied, "They hired the money, didn't they?"

In other words, some interest was involved. Under these lease-purchase agreements it is proposed that the Government shall pay interest. I suppose that is because we borrow the money—we hire the money to finance these buildings.

Mr. DIRKSEN. I think my esteemed friend and colleague from South Dakota makes the same mistake which, in my judgment, was persistently made here yesterday afternoon, in constantly arguing about the effect. It was said here time and time again that by having this power of surveillance in the Congress perhaps we would save \$50 million or \$100 million by reducing waste and extravagance.

The junior Senator from Illinois does not quarrel with that conclusion at all, but the argument goes to the effect of the bill. I am not dealing with the effect of what goes into this bill. I am thinking of an executive function which would be exercised by the legislative branch, quite aside from what the ultimate effect might be.

Mr. CASE. Mr. President, will the Senator yield for a question?

Mr. DIRKSEN. I yield.

Mr. CASE. Will the Senator cite any provision in any part of the Executive power under the Constitution, which recites the powers of the Executive, in which the Executive is authorized to start constructing buildings and incur debts in behalf of the Government, and for which the Government will be obliged to appropriate money?

Mr. DIRKSEN. Congress can delegate whatever reasonable constitutional power must be delegated to the administrative branch of the Government. We have no instrumentalities or facilities with which to administer these functions. That is why the executive branch exists. Consequently, we can delegate such power.

Mr. CASE. In the delegation or allocation of such power cannot the Congress set up a condition precedent to the incurring of the debt?

Mr. DIRKSEN. I doubt it very much. I think every authority one might cite on that point would be to the contrary of the opinion expressed by the distinguished Senator from South Dakota.

I wish to recur to the argument which was made yesterday that a similar provision was placed in the military construction bill sometime ago.

Mr. MAGNUSON. Mr. President, will the Senator yield for a question before he launches into that subject?

Mr. DIRKSEN. I should rather make the argument for a moment, if my friend does not mind. Then I shall be delighted to yield.

I wish to labor for a moment the argument which was made yesterday about the power in Public Law 910, which was enacted in the 81st Congress. That was a wartime appropriation bill, and the provision in question was tacked onto that bill. Subsequently there came

House bill 3096, the defense-land-transfer bill, to compel clearance of all land transactions involving more than \$10,000.

As a matter of fact, President Truman vetoed that bill on May 15, 1951, but notwithstanding his veto it was subsequently enacted into law. However, that does not make it right. That circumstance makes it neither right nor constitutional. The President simply accepted it because it was a part of a rather lengthy bill which came along at that time. That was known as Public Law 534 in the 82d Congress, in which it appears as section 407.

However, the fact that it is in the law does not make it correct. The fact that a President did not take the time to challenge it because it was tied up with a long military construction bill does not place it on solid ground. So I do not think we can be beguiled or diverted by an argument of that kind.

Mr. CASE. Mr. President, will the Senator yield to me on that point?

Mr. DIRKSEN. I yield.

Mr. CASE. When the Senator was called to his committee meeting a little earlier I pointed out that I did not think the situation was on all fours with the law relating to the armed services, because there is a specific provision in the Constitution which gives Congress the power to make rules and regulations for the Government and regulation of the land and naval forces. If we were to enter into a debate based purely upon analogy with the other law, we would have to take that circumstance into consideration.

Mr. DIRKSEN. Let me point out the danger in this proposal. If a committee of the House or Senate is to exercise veto power in executive fashion over contracts of this kind, the Banking and Currency Committee might say, or it might have said in other days, when we had price control and rent ceilings, "The Administrator shall impose no ceiling on rents and no ceiling on prices unless he is first in agreement with the members of the Banking and Currency Committees of the Senate and the House."

What terrific pressure there would have been upon a committee of this branch or a committee of the other branch of Congress. What a mountain of work and administrative detail would be piled up. What a court of appeals the Congress itself would become, as people would come here and lay their cases on the congressional doorstep.

We have on hand today great quantities of agricultural surpluses. We might very well say that before the Secretary of Agriculture or the Commodity Credit Corporation can alienate or sell in excess of 100,000 pounds of surplus butter the Secretary or the Corporation must come to the Agricultural Committees of the House and Senate and be in agreement with their members. My distinguished friend from New Mexico, who served with such distinction as Secretary of Agriculture several years ago, knows the difficulties which would ensue if that power were placed in Congress, and the Department of Agriculture could not exercise administrative authority without

first securing agreement with the legislative branch.

This morning, in the course of a hearing, we had an officer before us from the Department of Defense in connection with tort claims which are presented. They can be taken care of by the Department if they amount to less than \$1,000, but when they are in excess of that amount they must be, without special legislation, sent to a Federal district court, and they can thereafter be compromised.

What a situation it would be, Mr. President, with 6,000 tort claims filed every year, not including those that are brought before the Committee on Armed Services, if every one of them would have to be submitted to the Committees on Armed Services of Congress and have the approval of those committees before they could be disposed of. The precedent sought to be established by this bill is a dangerous one, indeed.

It seems to me that the Founding Fathers were wise in providing a basic separation of powers, so as to make sure, while vesting all legislative power in the Congress, that no committee of Congress or Congress itself could exercise a ministerial function which would be virtually an executive veto.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LONG. When the Senator from Illinois refers to a precedent, is it not correct to say that the precedent has already been established? In other words, section 407 of the Military Construction Act of 1952 provided that before the Secretary of Defense could enter into various contracts for construction, he would have to come into agreement with the Committees on Armed Services of the House and of the Senate. So the precedent has already been established, and we are merely following the precedent in this instance.

Mr. DIRKSEN. I may say to the distinguished Senator from Louisiana that in 1944, when this was first attempted, there was opposition to it. Then when the subsequent land transfer or land ownership bill, or whatever it was, came to Congress it was passed and later vetoed by President Truman. He refused to recognize that there was such a power in Congress. I believe he was on good ground in vetoing the bill. I have his veto message before me. He had before him a huge bill with a 6-line section in it. It was a tremendous bill that was passed in 1952. However, the Chief Executive would not recognize that Congress had the power it was attempting to exercise. The Attorney General would not recognize it. It has not been generally recognized in the Senate. It is probably because of the volume of work and inertia that something more deliberate and something more affirmative has not been done about it. However, that is no reason why we should compound the error now, when the matter comes before us in a specific paragraph in the pending bill.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. DIRKSEN. I yield.

Mr. LONG. As a matter of fact, the Executive recognized just such a provision when he recognized section 407, which the Senator from Illinois has been discussing. I have in my hand a memorandum which the Committee on Armed Services presented to the Secretary of Defense, listing various projects on which construction funds should be withheld. The memorandum lists items in Saudi Arabia, Iceland, Japan, North Africa, Cyprus, France, the United Kingdom, and Canada. In some instances proposed projects were canceled after the Committees on Armed Services had suggested that certain of them should not be undertaken. That certainly set a precedent, and it has actually developed into a very workable arrangement between the Senate and House Committees on Armed Services and the Defense Department.

Mr. DIRKSEN. Mr. President, I believe the answer to the Senator's question is a very practical one. I have the bill before me. It started out as a bill providing various installations and facilities in the continental United States. Then it includes all the installations at the places abroad to which the Senator referred. The bill was approved by the President on July 14, 1952.

There was a political atmosphere in the country at the time. The political conventions had been meeting in Chicago. It came on at that time. There was a six-line section as a part of a huge bill involving hundreds of millions of dollars. The President had the choice of accepting it at the time, or of delaying the use of the money appropriated by the bill for necessary military instrumentalities. Under the circumstances, what was he to do? Was he to veto it, and thus prevent the military installations having the funds needed, or should he call Congress back at that time? He was under a very practical difficulty.

Consequently that situation cannot be cited, in my judgment, as a precedent.

However, we come to grips with it now. I may say that the question came up in a less complicated form, in H. R. 6839, which was vetoed on the 19th of July 1952. It was a bill to provide and extend the authority of the Postmaster General to lease quarters for post-office purposes, and there the question came up without too much complication, and in a very short but I think very effective message the President of the United States vetoed the bill. He merely said that he thought it was an invasion of his executive function. I believe he was right.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LONG. Under the armed services provision, I may point out, the Senate Committee on Armed Services took the responsibility to hold up funds for base construction at Boulhout and El Djema Sahim, Morocco, and for further construction at Rabat, Morocco. So far as I know, all those items have since been withdrawn, which would indicate that the Senate Committee on Armed Services in those three cases saved millions

of dollars by acting under a provision in the law of which the Senator from Illinois is expressing his disapproval.

Mr. DIRKSEN. The Senator from Louisiana makes the same mistake that was made yesterday. He argues about the effect that is involved. The effect can be achieved in a dozen other ways, by different language, by different requirements, and it would require no invasion of the executive power so to do. I am not concerned with the effect for the moment. I am concerned with the fact that here is a requirement under which we expect jointly, through a committee, to share an executive power. I do not think it is on good ground, and I have heard no argument, by precedent or otherwise, that can sustain that kind of proposal.

I wish to make one other refinement. It has been argued that Congress can delegate this and can check that. Certainly it can. However, here we have the unusual circumstance of a committee of the House and a committee of the Senate given absolute veto power over an executive function. By so doing Congress jointly shares the executive function. I can find no warrant for it in the Constitution of the United States or in any law that has come to my attention.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. DIRKSEN. I yield.

Mr. LONG. I should like to point out to the Senator from Illinois that this is one of those cases in which Congress in some respects surrenders an authority that previously existed in Congress. In other words, the construction of these public buildings are ordinarily authorized by Congress. Congress studies them, authorizes them, and then appropriates the money. In this instance Congress proposes to surrender that function to the Postmaster General with regard to post offices, and I assume to the Administrator of the General Services Administration with regard to other buildings. If Congress surrenders that power it does make sense that it should retain some right to examine what is being done. The same thing was done, to a limited extent, with respect to Armed Forces construction.

In a completely different field, in the field of reorganization, Congress surrendered its power to pass on the organization of executive agencies, but Congress retained more or less a veto power, to give Congress an opportunity to check on the activities of the Executive.

The arrangement has worked out fairly well. It seems to me that this is one of those cases where we should retain the same right to examine proposals before they go into effect.

Mr. DIRKSEN. I do not quarrel with my friend at all about that, but that is not the point from which we start. It is not a case of examining the projects and saying to the Postmaster General, "You submit every one of them 45 days before the law goes into effect." It is not a case of saying to the General Services Administration, "Send up every project and have it placed in the CONGRESSIONAL RECORD and referred to a committee, so that

it will be in the light of day where all the world can see it for a period of 45 days." That is not what is said in the bill. The bill provides that an executive function cannot be made effective until Congress acts through one of its committees. When we have done that, we have clutched to the legislative bosom a part of the executive power; and I think we are on bad ground.

Mr. LONG. Mr. President, will the Senator from Illinois yield further?

Mr. DIRKSEN. I yield.

Mr. LONG. The difficulty with the Senator's proposal is that it would not be possible in the ordinary case for the Congress to prevent these contracts from going into effect. It would be necessary to pass legislation in each instance. It amounts to the fact that we must assume the initiative of getting a bill through the two Houses of Congress and signed by the President in order to prevent the Postmaster General or the General Services Administration from entering into such a contract.

On the other hand, if the committee should veto, by failing to agree, a construction contract, it is always possible for the Senator interested in that type of contract to introduce a bill and carry the burden of pressing for action on it in the Congress in the event that this expeditious procedure could not be used.

Mr. DIRKSEN. Let me say to my friend from Louisiana that with respect to military property we have placed it in a different class, even though it does embrace such things as military housing. I recognize, of course, that the power there is to make special provision for the national security. Here we are dealing with property in every county and every community in the United States. If titles should come into question, obviously, the first thing a title attorney would be thinking about would be whether there had been an agreement by a committee of the Congress in conformity with the law. Then what would happen? The work would have to be done by a member of the staff. Certainly members of the committee will not be here in recess time. So here is a function which is being extended to the staff to make a report to the members of the committee. It involves property all over the country such as is needed for normal Federal functions, and involves not only the exercise of executive power, but an almost impossible function.

Mr. CASE. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. CASE. May I suggest to the distinguished Senator from Illinois that he shares in this precedent? The Appropriations Committee has clutched to its bosom powers in the same fashion. The Appropriations Committees of the Senate and the House, so far as I know, took that power to themselves by resolution or action within the committees by which they said that funds similar to these should not be expended until there was a release.

Mr. DIRKSEN. Mr. President, let me show how wrong is my friend from South Dakota. Not a thing which comes

through the Appropriations Committee has a nickel's worth of effect until it is approved on the Senate floor. This bill provides that none of these contracts can go into effect until they are approved by the Public Works Committee, which is a committee of this body.

Mr. CASE. The projects which go to the Appropriations Committee have also been authorized before they go to the Committee on Armed Services; but there is no legislation, so far as I know, which establishes the authority which the Appropriations Committee has exercised in not releasing funds until they have cleared those committees.

Mr. DIRKSEN. The power of the purse is in the Congress of the United States.

Mr. CASE. We are trying to make it impossible for an administrative agency of the Government to make contracts and commitments which will bind Congress to make appropriations through the years.

Mr. DIRKSEN. The answer is twofold. It could either be the amendment I have pending, or it could be the proposal which has been so carefully shaped and fashioned by my friend from South Dakota. I will say to him now that if he can get his committee to adopt the proposal he read a few moments ago, I shall withdraw the amendment I have on the desk and go along with him, because he has eliminated the requirement that there be an agreement by members of the two committees. That is the crux of the matter.

Mr. STENNIS. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. STENNIS. I appreciate the Senator's bringing this matter to the attention of the Senate. He knows that I disagree with him, but I admire his attitude in protecting the Constitution according to his interpretation thereof. In the Rankin memorandum I notice there is no court case cited to sustain the position. Evidently the question has not been before a court in any outstanding case. It is simply a matter of individual opinion, we might say, of different persons charged with responsibility.

I remember that a number of years ago one of the constitutional questions before the country was whether Congress could constitutionally delegate power to the Executive to regulate tariff schedules or to change them. It was debated back and forth for many years, and it was finally established that such authority did exist. But the impressive thing about it was the problem of regulating tariff schedules, and it was determined that such work simply could not be done fully by the Congress.

That situation has been reached here. The newspapers are saying that the bill provides for \$3 billion. We could go ahead and appropriate for each individual building, but the problem is so large and so extensive that it is similar to the tariff problem, where some adjustment of the equilibrium is required within the different branches of Government. It is the hand of necessity that is operating.

Mr. DIRKSEN. I cannot concede that to my friend from Mississippi, because I do not think he has put his finger on the difference between the problems. In the case to which he has called attention there was involved the delegation of a legislative power which is not involved here. We delegate all sorts of powers. The question involved there was that of delegating a legislative power which could be exercised only by the Congress.

Mr. STENNIS. Is it not the Senator's argument that this is merely an encroachment upon the Executive power?

Mr. DIRKSEN. No, indeed.

Mr. STENNIS. I understand the Senator was arguing that we have no right to place this limitation on the Executive power.

Mr. DIRKSEN. Exactly so. It is not a question whether a legislative power is delegated, but it is a question of delegating a function to the executive branch and, in the next breath, saying, "We will give you only half of it; the other half we shall keep." It is as clear as crystal as to whether it is an invasion of the Executive power.

Mr. STENNIS. Mr. President, will the Senator yield for a comment?

Mr. DIRKSEN. I yield.

Mr. STENNIS. It seems to me that what we are doing is to impose more of a limitation upon the legislative power. Congress has a responsibility, a duty, a power to provide public buildings. We are passing on it now in part, and we shall do so later in part. As I see it, under the rule of necessity, what is contemplated certainly is not prohibited by the Constitution, and does no violence whatsoever to the Constitution.

Mr. DIRKSEN. Mr. President, it is not necessary for me to labor the matter any longer. I wish to conclude with this thought. I desire to see a bill enacted. I think this bill will be one of the most important bills which this session of Congress will have considered. But why should we send to the White House, for the consideration of the President, a bill with this kind of provision when there is already before us a memorandum from the Attorney General, the chief law officer of the executive branch of the Government, expressing his clear doubt about the constitutionality of the provision, and his view that it is an invasion of the executive function? Shall we go through this whole effort, and then invite a veto?

I do not know what the President of the United States will do. I do not pretend to speak for him, and I never have. But I say, Mr. President, that if I were sitting at 1600 Pennsylvania Avenue, and this bill came to me, and I had a conviction about it, I think I would veto it on the basis of what I see in this provision. So it is probable that to pass this bill will be love's labor lost. There will be no bill enacted in this session, and it will be necessary for us to go through these motions all over again.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KUCHEL. I desire to make a very brief statement*.

Mr. DIRKSEN. I yield, although I observe on his feet my distinguished friend, the Senator from Missouri [Mr. SYMINGTON], who had been desirous of obtaining the floor.

Mr. KUCHEL. I shall not detain the Senator from Illinois nor the Senator from Missouri nor the Senate more than 2 or 3 minutes.

Mr. President, I send to the desk an amendment proposed to be offered by myself, the Senator from Virginia [Mr. BYRD], the Senator from South Dakota [Mr. CASE], and the Senator from Delaware [Mr. WILLIAMS]. I ask unanimous consent that it be printed, lie on the table, and be taken up on Monday.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table.

Mr. KUCHEL. I shall not engage in any extended statement in opposition to the amendment offered by the Senator from Illinois. To all intents and purposes, the amendment merely would require information to be presented to each House of Congress, relative to lease-purchase transactions which had been immediately prior thereto entered into.

I believe the amendment offered by the Senator from Illinois should be defeated, because somewhere in the tremendous new authority and power to enter into lease-purchase arrangements granted in the pending legislation there should be an independent check or balance against such power. It seems to me that the authority should be lodged in the Senate and House Committees on Public Works, as the bill now before the Senate provides.

Furthermore, it has been suggested earlier that the entrance into lease-purchase transactions does not constitute any obligation upon Congress subsequently to appropriate money. I think it is correct to say that if a bill authorizing this type of transaction is enacted, and if thereunder lease-purchase agreements are entered into, they constitute, at least, moral commitments on the part of Congress to continue appropriating funds with which to make payments under contracts validly entered into between an agency of the Government and private individuals. To that extent, when we authorize this type of transaction in the proposed legislation, to all intents we are committing Congress to appropriate the necessary moneys with which to pay for the properties acquired under the various agreements which are entered into.

Beyond that, Mr. President, I wish to see an independent check made by the two committees which will afford an opportunity to make public the transactions as they are entered into.

I hope the distinguished Senator from Illinois [Mr. DIRKSEN] will not insist upon his amendment. If he does, then I must urge the Senate to reject it.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Will the Chair inform the Senate the nature of the amendment now being considered?

The PRESIDING OFFICER. The Senate now is in the process of establishing a quorum.

Mr. DOUGLAS. I beg pardon of the Chair; I thought a yea-and-nay vote was in progress.

The Chief Clerk resumed the call of the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HOLLAND. Mr. President, I am sorry the distinguished Senator from Illinois [Mr. DIRKSEN] appears to have left the Chamber, but I hope he will return. I have a brief answer to make to his proposed amendment.

The amendment of the Senator from Illinois runs to the very heart of the bill, which I think is a meritorious one. There has been no Government building program for general use—either Federal buildings or post offices—for many years. Numerous buildings used by the Federal Government are entirely outmoded. A large number of communities which have grown great in recent years have no Federal buildings.

We are not in a position financially, as a Nation, to launch a large public-building program. Congress has been approached by executive officers who very urgently need some authority to proceed under the lease-purchase arrangements and other arrangements provided by the bill, so that in the places of greatest necessity this outstanding need can be met.

Mr. President, for Congress to vote for what was desired in its entirety, and particularly what was sought by the Post Office Department in its entirety, would have, in effect, abrogated largely the authority of Congress in the important field of jurisdiction over the construction of public buildings. I think the committee of the Senate which has considered the matter has shown a very generous disposition to attempt to meet the problem, and I know that my distinguished friend, the Senator from Illinois [Mr. DIRKSEN], desires to meet the problem; and if he cannot meet it in full, he wants to meet it in part. Our committee, by its report, shows that it desires to meet the problem in greatest part. But we are not willing entirely to give carte blanche authority, we are not willing entirely to surrender authority, and we are not willing entirely to refuse to assume our own responsibility.

So the committee, in making its report, has shown what I think is a generous feeling of cooperation with the two executive departments involved in the effort to meet many of the building problems, but, at least it has placed some sort of restriction or limitation upon the pro-

gram, so as to afford an opportunity for the two bodies of Congress, through their committees, to have full information before releasing complete authority as to the large projects, some of which will cost many million dollars.

Mr. President, I think the limitation provided is a reasonable one and that there is a reasonable willingness to cooperate. No such grant as this has been given under the various administrations of recent years. For one reason or another, Congress has not been willing to surrender its authority in the building field. The committee tried to go a long way to meet the serious problems confronting it; and I think the committee is to be complimented and commended rather than otherwise for its unwillingness to recommend to the Senate the passage of a measure written in such a sweeping form as to refuse to recognize the responsibility of the Congress to have something to say about approving large projects before they get under way.

I think the measure as reported is vastly better than the other arrangement would be. I do not believe a single member of the Committee on Public Works would have been willing to completely to surrender jurisdiction and have the Congress say, "Henceforth we are going to give up the power to authorize and the authority to initiate these projects in this field," which since the beginning of the Nation have been handled as being subject to congressional authorization.

Our Government has grown so big and the need has grown so great that I think we are justified, in our own good consciences, to delegate in an unlimited way, authority to proceed on smaller projects, but I do not believe we are so authorized as to the larger projects.

I am sure the committee would not have approved the bill without reserving some sort of limitation. The amendment of the distinguished Senator from Illinois seeks to remove the limitation, which I think is a great safeguard for the Congress and the people. Without that safeguard I think the proposed law would create suspicion from the moment the bill was enacted, particularly since so much of the jurisdiction is granted to the Post Office Department, which customarily is headed by the man who managed the campaign of the successful candidate for President, and because in the Post Office Department, as we all know, appointments of postmasters become in large measure a matter of politics. Subject, of course, to meeting civil-service qualifications, the same comment applies to other officials in the Post Office Department.

So the committee has imposed a condition, which we do not believe to be unconstitutional, but a condition which follows the line laid down by the Armed Services Committee, and which is being followed and observed by the Government. The Attorney General has not objected or stated that it is unconstitutional for the executive branch to operate under the present law affecting the armed services. No one else has refused to go along with the act. Everybody admits that under the present act our able Committee on Armed Services has

saved many millions of dollars for the Government.

In addition to that, I remind the distinguished Senator from Illinois that there are other instances of the Congress having delegated either to its committees or to the chairmen of its committees, various responsibilities; for instance, in the matter of acceptance of advances from contributing local agencies, in the matter of navigation projects, and public-works projects, in the field of flood control, and the like.

It has not been very long since I personally went before the two Appropriations Committees in order to get written authority which, under the law, is required before the Corps of Engineers can accept advances, which will become binding on the Congress. This is not an unknown feature in our law. It is a feature which is used to the advantage of the Nation.

What is of great importance, and I say this with much respect to my friend, the Senator from Illinois, is that if the provision being discussed is not placed in the bill, the result will be that Congress will not pass any legislation in this field, because I know the group in the Senate which has studied the subject most, the Committee on Public Works, was unanimous in its belief that it should not be asked by the executive branch to surrender completely its jurisdiction as to the large projects which I have mentioned.

I hope the distinguished Senator from Illinois will not insist upon his amendment, but if he does, I hope the Senate will vote it down.

Mr. DIRKSEN. Mr. President, I wish to make clear, by what I think will be a simple question, that the Senator does not state the whole case. Let me ask the Senator from Florida a question: If under the pending bill should it become a law, it were proposed to construct a post-office building at Tallahassee, Fla., and the proposal came before the Committee on Public Works, and the committee held that there was definitely no need for a new post-office building in Tallahassee, Fla., what would happen?

Mr. HOLLAND. I would hope the committee, under those conditions, would refuse to approve the project; but I suggest that such a project could not come before the committee, under the terms of the bill reported by the committee, unless there was required a payment of rental of more than \$20,000 annually.

Mr. DIRKSEN. I would assume that in a town the size of Tallahassee that would be the case. I think there is a simple answer, and the simple answer is that the provision is not a limitation, as has been suggested by the distinguished Senator from Florida, but it is an absolute veto of an executive power.

Mr. HOLLAND. Answering my distinguished friend, the Senator from Illinois, I would say that the provision would retain in the Congress a part of its own responsibility, and would constitute a refusal to abdicate that responsibility; and if the executive departments do not want any authority except the kind that has been granted to them heretofore, they can be obstinate

and refuse to proceed under the authority provided by the bill. I believe I speak for the full membership of the Committee on Public Works when I say that, much as we should like to cooperate in granting authority to proceed in small matters—and that would be in more than nine-tenths of the projects—we do not think we can properly advise the Senate and the Congress to surrender our power in the larger field.

It is a revolutionary thing which the executive agencies are asking us to do. Simply because we are not willing to go the whole way, I do not want my distinguished friend to fail to recognize the fact that we are offering to go along part of the way; and in that we are doing a revolutionary thing. This has not been done heretofore in all the years of our Nation's history.

Mr. CASE. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield to the Senator from South Dakota.

Mr. CASE. Do the executive agencies have power to build a post office in Tallahassee, Fla., today?

Mr. HOLLAND. They do not, and under this bill, if the rental in Tallahassee, to which reference was made by the Senator from Illinois, should be more than \$20,000 the limitation would come into play and would prevent the construction of a post office there unless there was agreement about it by the two committees. So far as nine-tenths of the towns in the State of Florida are concerned, many of which do not have post offices because they have grown in stature in recent years, the question would not apply to them, and there would be no limitation, and the Post Office Department would be free to move ahead and get the job done.

We want them to do that. We do not care to pettifog about a lot of small matters in the Congress or the committee. While the Senate is doing a revolutionary thing, I think it is fully within its right to refuse to go the whole way as to the very large projects, and that the committee is to be commended for refusing to give up the control entirely as to such projects.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Oregon.

Mr. CORDON. The Senator from Illinois just asked the Senator from Florida whether the executive department now has authority to construct a building in Tallahassee, Fla. The answer was "No." It seems to me the question that should be put and that should have an answer is this: Inasmuch as the executive department does not have that authority at this time, can it get the authority from 2 congressional committees, 1 from each House, rather than from the entire Congress?

Mr. HOLLAND. I do not think it could. To get the authority, I think it would be necessary, first, to enact a bill of the kind we propose and I think under the machinery proposed to be set up there will simply be a division of the responsibility for making the decision.

I see no reason at all why the Senate itself cannot name some of its Members

who have experience in this field, and have them share some of the responsibility in that respect.

Mr. CORDON. The Senator from Florida speaks of sharing the responsibility. Is not the Senator from Illinois correct when he suggests that it is not a sharing of responsibility, but it is the absolute power of decision? Is not that what is involved in this case?

Mr. HOLLAND. No, because the committee could not initiate the construction of a building at Tallahassee, Fla. That would be entirely up to the executive department. It would have to satisfy its own conscience as to the need for the building, and would have to make the recommendation. But there would be a sharing of the final responsibility.

I suggest that at this point we are talking about 1 case out of 10, or perhaps fewer than that; but there are involved cases in which there will be very heavy cost to the Federal Government, and in regard to which the committee believes there will be great opportunity for misuse or misapplication of funds.

Mr. CORDON. Mr. President, will the Senator from Florida yield further to me?

Mr. HOLLAND. I yield.

Mr. CORDON. I wish to correct the statement I made a moment ago. The Senator from Illinois said that an absolute power of veto rests in the committee, under this provision of the bill. I wish to accept that statement.

Mr. HOLLAND. I agree that there would be mutual responsibility in the small number of cases in which the committee felt it could not recommend to the Senate that it resign entirely its responsibility.

Mr. KILGORE. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. KILGORE. I desire to ask a question: Has it not been a fact that, in the past, the Congress, after action by various committees, such as the Committee on Public Works, the Armed Services Committee, and others, has authorized the construction of buildings which were regarded as necessary, but has not necessarily given them priority of construction? Is it not also a fact that, thereafter, the Congress, through its Appropriations Committees, has decided which projects or buildings should have priority, and has done that by making the necessary appropriations? Is not that correct?

Mr. HOLLAND. That is correct. There is a large body of authorizations, and the Senate acts last on the question of which of the authorizations shall be given preferred status, by means of appropriations. That is done by withholding appropriations from the others, and by making appropriations for the one or ones to be given preferred status or priority.

Mr. KILGORE. Thereby the Congress selects the ones to be built first.

So, Mr. President, under the pending measure we shall not have changed by one iota the power the executive branch has had all along.

Mr. HOLLAND. I thank the Senator from West Virginia, but I remind him again that Congress would reserve even

that right only in the case of the large projects.

Mr. KILGORE. That is correct; but the amendment would entirely nullify that, would completely turn over control of the funds to the executive branch, would permit the executive branch to handle them as it pleased, and would take away from Congress—which, under the Constitution, has that responsibility—the power available to it under the Constitution.

Mr. HOLLAND. I thank the Senator from West Virginia.

Mr. CORDON. Mr. President, will the Senator from Florida yield again to me?

Mr. HOLLAND. I yield.

Mr. CORDON. I do not wish to be misunderstood in connection with the colloquy. I do not object to the safety provisions the committee has thrown around the bill. I do object to the fact that there is a grant of authority of this character under such safety provisions as have been thrown around it. I object to the fact that two executive officers, with the consent of two committees of the Congress, will be put in a position of having authority to spend tremendous, fantastic amounts of money. In fact, the suggestion has been made that the amounts might be as large as \$3 billion of the taxpayers' money or even larger sums of money than that.

Mr. HOLLAND. I thank the distinguished Senator from Oregon. He has made a real contribution.

There is a question of very serious effect here, namely, as to whether the bill should be passed at all. But the House committee and the Senate committee—and now I speak particularly for the Senate committee—felt that the long delay in the construction of public buildings, the inadequacy of the present funds for construction of such buildings, and the actual suffering occurring in many communities because of the absence of such facilities justify our going as far as we would go under the bill as recommended.

Mr. MAGNUSON. Mr. President, at this point will the Senator from Florida yield to me for a question?

Mr. HOLLAND. I yield.

Mr. MAGNUSON. The Senator from Florida has made a point of the inadequacy of Federal funds. It seems to me that if the executive branch needs a building, it should make request for it, by means of requesting an appropriation by Congress—as has been done in the past. If the Government cannot afford to make the appropriation, then the Appropriations Committee should postpone it.

But by means of this bill there would be authorized the expenditure of as large a sum as \$3 billion, and a great many billions of dollars over a 25-year period, at which time it is possible that the funds available will be still more inadequate.

Mr. President, let me say that from the first I thought the bill was a grab-bag bill, but now I am convinced that it is a "steal."

Mr. HOLLAND. Mr. President, I must point out that the bill did not seem to be such to the 25 or 30 Senators who have been dealing with it, and who are as con-

scientious in their attitude as is the Senator from Washington.

Mr. MAGNUSON. I have not said they were not conscientious or sincere; I merely said that although at first I regarded the bill as a grab-bag bill, now I am convinced that it is a "steal."

Mr. FLANDERS. Mr. President, will the Senator from Florida yield to me for a question?

Mr. HOLLAND. I yield.

Mr. FLANDERS. What expenditures would be required to amortize the \$3 billion?

Mr. HOLLAND. I do not know where the \$3 billion figure came from. It was not mentioned in the committee. It was taken from a newspaper article, I believe. There is no validity to the figure insofar as the record or the committee's recommendations are concerned.

My own belief is that only the most necessitous construction will be permitted under the provisions of the bill. I do not believe it is a sound policy, overall, to abandon the old system, under which the post offices in the various towns have been symbols of the Federal Government. They have usually occupied the central squares and generally have been regarded as the Federal building, pure and simple. I do not believe it is sound to depart fully from that system to a new system for the construction of additional facilities, to replace the ones now being rented by the Federal Government, and for which the Federal Government is paying very large rentals under leases. Under the proposed new system we would have first-class new buildings; but I do not believe we should make it impossible for the old practice and the old system to be continued. I believe in having the United States Government have its own symbol of greatness in each town, where that is possible, by having such buildings erected.

I wish to have it completely understood that the committee does not recommend this bill as one to take the place of a general public buildings-construction program.

Mr. FLANDERS. Mr. President, will the Senator from Florida yield further to me?

Mr. HOLLAND. I yield.

Mr. FLANDERS. For a long time we have had the experience of having public buildings erected by direction of the administration. It has happened more than once during the past 20 years that a community has been very desirous of having a new postmaster, but has gotten a new post office instead. So it is not unprecedented for the administration to take the bit in its teeth, in connection with a building program.

Mr. HOLLAND. I thank the Senator from Vermont for his comment. I thought the very fine political party he represents, and which I do not represent, would take care in its own way, and at a legal time, of the question of personnel. In this particular bill we are not dealing with that question.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. MAGNUSON. I am sure the Senator realizes that I did not mean to im-

pugn the motives or the judgment of members of the committee. What I am trying to say is that I believe the effect of the bill, when we add up the cost at the end of 25 years, will be that the American people will interpret it as a grab bag. I think we might even use a more vulgar term. Someone will get 3 times as much money out of the Federal Government over the 25-year period as would have been the case if the Government itself had constructed the buildings. If we have not enough courage to ask for a Federal appropriation for a Federal building which is needed, we ought to postpone its construction.

Mr. HOLLAND. I am sure the distinguished Senator did not mean to impugn the motives of any Senator. I wish to make that point clear.

Mr. MAGNUSON. The situation is that those interested do not wish to come to Congress and ask for appropriations for needed Federal buildings.

Mr. HOLLAND. There may be some soundness in what the Senator suggests. Yet I recall that the last time the communities of the Nation came here asking for Federal buildings they received instead an appropriation of \$70 million to buy sites for some 340 buildings, and to provide the plans for them. The Senator from Florida handled that matter both in the hearings and on the floor. I remember that when that measure reached our distinguished colleagues at the other end of the Capitol they wrote an amendment to the effect that there could be one of such buildings in each congressional district in the Nation, and no more. So we were completely prevented from meeting the needs of the communities which had grown so rapidly and with respect to which there was a great need at the time.

Mr. MAGNUSON. Mr. President—

Mr. HOLLAND. As shown by the report, I sympathize to a great extent with the feeling of the executive agencies that they can do a good job in meeting the county-seat requests, and that we ought to free them to do so.

Mr. MAGNUSON. Mr. President, will the Senator yield for a further question?

Mr. HOLLAND. I yield.

Mr. MAGNUSON. Of course, the Senator knows that under the provisions of this bill there will be public buildings in every district anyway, at a cost of about three times what the cost would be if the Federal Government were to appropriate the money.

Mr. HOLLAND. I hope the Senator is wrong in his prediction, although I recognize his right to make it.

Mr. KILGORE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. KILGORE. The question has been raised with reference to establishing a precedent by this bill. I ask if it is not a fact, with reference to the armed services construction program, that we have permitted certain deviations with respect to the funds appropriated, in order to expedite the program, but that in each case the question has been referred back to the appropriate committees of Congress. Is that not correct?

Mr. HOLLAND. That is correct.

Mr. KILGORE. That is exactly what the committee proposes in this case.

Mr. LONG. Mr. President will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Louisiana.

Mr. LONG. The point which concerns the junior Senator from Louisiana is that the committee did not require that enough of these projects be reviewed by the House and Senate committees. I have before me an edition of the Washington Evening Star which contains a story regarding this particular bill. It refers to a release by the Postmaster General of a list of buildings which could be constructed under the terms of the bill, referring to 22 post offices in Maryland and 21 post offices in Virginia. I notice that approximately half those post offices would be constructed at a cost of less than \$250,000 each.

It seems to me that the Postmaster General, if he so desired, could reduce the price by about 10 percent on many of those buildings and could thereby avoid having to come before the Senate and House committees to obtain their agreement in constructing those post offices. I had hoped that the committee would agree to reduce the figure from \$20,000 to approximately \$10,000, so that a building with a value of \$200,000, to be constructed under one of the lease-purchase agreements, would be subject to approval by the Senate and House committees.

Mr. HOLLAND. There is a good argument for that change. However, that would place the Senate in a less generous position than is represented by the recommendation of the committee, with reference to the grant of power to the executive agency.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN], as modified.

Mr. DIRKSEN. Mr. President, I ask that the amendment be stated for the information of the Senate.

The PRESIDING OFFICER. The amendment, as modified, will be stated.

The LEGISLATIVE CLERK. On page 4, it is proposed to strike out all of lines 11 to 19, inclusive, and to insert in lieu thereof the following:

(e) No proposed lease-purchase agreement calling for the expenditure of more than \$20,000 per annum shall be executed under this section unless it has been submitted, 45 days prior to its effective date, to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees.

The PRESIDING OFFICER. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The Legislative Clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BUSH] is absent on official business.

The Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from Maryland [Mr. BEALL], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Nebraska [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kentucky [Mr. COOPER], the

Senator from Arizona [Mr. GOLDWATER], the Senator from Indiana [Mr. JENNER], the Senator from North Dakota [Mr. LANGER], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Idaho [Mr. WELKER], and the Senator from Wisconsin [Mr. WILEY] are necessarily absent.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BEALL], the Senator from Connecticut [Mr. BUSH], the Senator from Kentucky [Mr. COOPER] would each vote "nay."

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Delaware [Mr. FREAR], the Senator from Iowa [Mr. GILLETTE], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Oklahoma [Mr. KERR], the Senator from North Carolina [Mr. LENNON], the Senator from Montana [Mr. MANSFIELD], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The Senator from New Mexico [Mr. CHAVEZ] is absent by leave of the Senate. The Senator from Georgia [Mr. GEORGE] is necessarily absent.

The Senator from Rhode Island [Mr. PASTORE] is absent on official business as a member of the Joint Committee on Atomic Energy.

I announce further that the Senator from Iowa [Mr. GILLETTE] is paired on this vote with the Senator from Delaware [Mr. FREAR]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Delaware would vote "nay."

The Senator from Massachusetts [Mr. KENNEDY] is paired on this vote with the Senator from Washington [Mr. JACKSON]. If present and voting, the Senator from Massachusetts would vote "yea," and the Senator from Washington would vote "nay."

I also announce that if present and voting, the Senator from Louisiana [Mr. ELLENDER], the Senator from Oklahoma [Mr. KERR], and the Senator from Nevada [Mr. MCCARRAN] would vote "nay."

The result was announced—yeas 8, nays 60, as follows:

YEAS—8

Aiken	Duff	Hendrickson
Carlson	Ferguson	Potter
Dirksen	Flanders	

NAYS—60

Anderson	Hoey	Monroney
Barrett	Holland	Morse
Bennett	Humphrey	Mundt
Bricker	Hunt	Murray
Butler, Md.	Ives	Neely
Byrd	Johnson, Colo.	Payne
Case	Johnson, Tex.	Purtell
Clements	Johnston, S. C.	Robertson
Cordon	Kefauver	Russell
Daniel	Kilgore	Saltonstall
Douglas	Knowland	Schoeppel
Dworshak	Kuchel	Smathers
Fulbright	Lehman	Smith, Maine
Gore	Long	Smith, N. J.
Green	Magnuson	Stennis
Griswold	Malone	Symington
Hayden	Martin	Upton
Hennings	Maybank	Watkins
Hickenlooper	McClellan	Williams
Hill	Millikin	Young

NOT VOTING—28

Beall	Frear	Mansfield
Bridges	George	McCarran
Burke	Gillette	McCarthy
Bush	Goldwater	Pastore
Butler, Nebr.	Jackson	Sparkman
Capehart	Jenner	Thye
Chavez	Kennedy	Welker
Cooper	Kerr	Wiley
Eastland	Langer	
Ellender	Lennon	

So Mr. DIRKSEN's amendment was rejected.

Mr. SYMINGTON obtained the floor.

Mr. KNOWLAND. Mr. President, will the Senator from Missouri yield to me for the purpose of making an announcement and propounding a unanimous-consent request, with the understanding that he will not lose the floor by so yielding?

Mr. SYMINGTON. With that understanding, I am glad to yield.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from California may proceed.

ORDER FOR RECESS TO MONDAY

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate concludes its business today it take a recess until 12 o'clock noon on Monday next.

The PRESIDING OFFICER (Mr. BARRETT in the chair). Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, when the Senate reconvenes on Monday next the unfinished business will be the lease-purchase bill, which the Senate has been debating and on which it has just voted to reject an amendment.

When the Senate concludes its consideration of the unfinished business, the lease-purchase bill, it will be my intention to move the consideration of Calendar No. 1047, S. 2911, the so-called wool bill.

When the Senate has disposed of the wool bill, it is my intention to move that the Senate take up a number of bills. I should not call them minor bills, because they may be very important to some Senators, but at least they are not what are normally considered to be major bills. They are:

Calendar No. 1195, S. 2665, to amend the Classification Act of 1919, as amended, the Federal Employees Pay Act of 1945, as amended, and for other purposes.

Calendar No. 1196; H. R. 7512, to provide for the conveyance of the federally owned lands which are situated within Camp Blanding Military Reservation, Fla., to the Armory Board, State of Florida, in order to consolidate ownership and perpetuate the availability of Camp Blanding for military training and use.

Calendar No. 1137, H. R. 998, authorizing the Secretary of the Interior to issue a patent to the State of Idaho for certain land.

Calendar No. 1144, H. R. 6251, to authorize the abolishment of the Shoshone Cavern National Monument and the transfer of the land therein to the city of

Cody, Wyo., for public recreational use, and for other purposes.

Calendar No. 1146, H. R. 1815, to amend the Recreation Act of June 14, 1926, to include other public purposes and to permit nonprofit organizations to lease public lands for certain purposes.

When the Senate has concluded consideration of those bills, two additional measures may be taken up, unless some major bills are ready for consideration. One of the two measures is calendar 1091, Senate Joint Resolution 44, proposing an amendment to the Constitution of the United States relating to the composition and jurisdiction of the Supreme Court. The other measure is calendar 1187, H. R. 8097, the so-called District of Columbia public-works bill, which has been reported by the Committee on the District of Columbia.

While I always like to advise the Senate as far in advance as possible of the legislative program of the Senate, it may well be that, so far as the last two measures are concerned, at least, other proposed legislation may be considered first. I shall keep the minority leader and the Senate advised in advance.

In accordance with the standard operating procedure in the Senate, as appropriation bills are ready for consideration, they will be taken up regardless of what the Senate may be considering at the time, unless it will take only a few hours or so of additional debate to dispose of the then pending legislation.

In any event, appropriation bills will be held over the required 3 days, so that Senators may have adequate time to study the committee reports and to examine the record of the hearings.

There is one additional piece of proposed legislation on the Executive Calendar, the report on which has been available for some time, but on which the hearings have just become available and are now on the desks of Senators. I refer to the bill dealing with the international sugar agreement which was reported from the Committee on Foreign Relations. That bill we may consider after we dispose of the wool bill.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. The Senator does not plan to hold a session on Tuesday, does he?

Mr. KNOWLAND. No. I again announce that following the completion of the work of the Senate on Monday night, we shall recess until Wednesday. Then, next Thursday afternoon, when we complete our labors, we will recess over Good Friday, and, of course, Saturday and Easter Sunday, to the following Monday. On that Monday Senators may be assured that there will be no controversial legislation, no matter what may then be the pending business before the Senate. There will be no voting on that day, but I hope on that day to have a calendar call of bills to which there is no objection, beginning from where we left off at the last calendar call, so that Senators who desire to go over the calendar just prior to that time

may leave word with their respective calendar committees. Of course, there will be no other proposed legislation considered on that day.

Mr. HUMPHREY. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. HUMPHREY. Did I hear the majority leader say that the so-called wool bill is scheduled for consideration?

Mr. KNOWLAND. When we complete the lease-purchase bill, the wool bill will be the next bill to be called up.

Mr. HUMPHREY. Did the Senator say that Calendar No. 1199, Senate bill 3197, is to be considered?

Mr. KNOWLAND. I referred to Calendar Nos. 1195, S. 2665, 1196, H. R. 7512, 1137, H. R. 998, 1144, H. R. 6521, and 1146, H. R. 1815.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

Mr. McCLELLAN. Mr. President, following the rejection of the amendment of the distinguished Senator from Illinois, I should like to inquire if the committee amendment on page 11 of the bill under consideration is still subject to amendment?

The PRESIDING OFFICER. All the committee amendments have been agreed to. They will not be open to amendment unless they are reconsidered.

Mr. McCLELLAN. I understood that the amendment of the Senator from Illinois [Mr. DIRKSEN] was to strike the first committee amendment on page 11 of the bill. That amendment was rejected. I am now inquiring whether the committee amendment on page 11, beginning on line 6, is now subject to amendment.

The PRESIDING OFFICER. The bill is open to amendment, but the committee amendment has been agreed to, and it must first be reconsidered before it would be open to further amendment.

Mr. McCLELLAN. The committee amendment, then, is not subject to further amendment—

The PRESIDING OFFICER. Unless it is reconsidered.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the vote whereby the amendment on page 11, subparagraph (g), beginning on line 6, was agreed to be reconsidered.

Mr. KNOWLAND. Mr. President, reserving the right to object, do I correctly understand that the Senator has reference to only one of the committee amendments? The Senator is not asking to reconsider all the committee amendments, is he?

Mr. McCLELLAN. Only the one to which I have referred.

Mr. KNOWLAND. So that the Senator may offer an amendment to that committee amendment?

Mr. McCLELLAN. Yes.

Mr. KNOWLAND. I have no objection.

Mr. KUCHEL. Mr. President, reserving the right to object, I should like to ask the Senator from Arkansas if I correctly understand that he desires to have reconsidered the committee amendment which involves exactly the same question which the Senate by yea-and-nay vote has decided?

Mr. McCLELLAN. It will not be the same question. I propose to move to strike out the words beginning in line 6, and continuing in line 7, providing for the expenditure of more than \$20,000 per annum. That is all my amendment is intended to propose, but I should like to have it considered.

Mr. CASE. Mr. President, reserving the right to object—and I shall not object—I am wondering if it might be agreed that the amendment which the Senator from California [Mr. KUCHEL] has in mind might be offered first, so that it will be the pending question when the Senate resumes the consideration of the bill.

Mr. McCLELLAN. If I can obtain unanimous consent to reconsider it so that it will be open to amendment on Monday, I shall not press my amendment at this time. I shall wait until Monday to offer it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

AIRPOWER

Mr. SYMINGTON. Mr. President, a week ago yesterday, shortly before 7, the distinguished senior Senator from Michigan told me he was going to comment on some remarks I made about airpower the previous Tuesday, on the Senate floor.

I advised the Senator why it was not possible for me to stay at that time; but the next day I read his remarks in the RECORD.

Mr. President, I believe it proper for me to say at this time that I did not agree with some of the remarks of the senior Senator from Michigan. I did not, and do not, embrace them.

The Senator from Michigan resurrects the old, original excuse for interfering with the Air Force program.

He asserts it is a myth that 143 wings would have been possible in 1955, and adds that any conviction there could have been 143 wings by 1955 is "based on the dreams of 3 years ago."

June 3 last is not 3 years ago. It is not 1 year ago. But on June 3 of last year, the man now recognized as a true prophet of airpower, the late Gen. Hoyt Vandenberg, testified before Senator FERGUSON and his committee as follows:

Six months ago our program of expansion and modernization was progressing in an orderly manner and there was no reason to doubt that we could attain 143 modern wings before December 1955. Base construction had already become a more serious bottle-

neck than aircraft procurement, but the solutions were in sight, if we could have carried them out.

The record of General Vandenberg proves he was not a man who thought or dealt in myths.

The Senator from Michigan claims the new administration has reduced slippages in aircraft production. At the same time he maintains continuing slippages would have prevented the completion of the 143-wing program on schedule.

These claims would seem to offset each other.

Last June General Vandenberg also testified:

This new stretchout has not been made necessary by slippages in the production of combat aircraft. There have been slippages in the past, and some of them have caused us concern, but the Air Force and the aircraft industry have worked together through the difficult years of tooling up for new models and for increased capacity with good results. Aircraft production is no longer a principal source of difficulty.

Anyone with knowledge of the production of aircraft or, for that matter the production of anything, knows that slippages always occur, but are reduced, as production proceeds on the model in question.

One also knows it takes a long time to produce fighters, especially modern fighters, and an even longer time to produce bombers.

Let me present just one illustration. Five years ago, in March 1949 to be exact, the first production order—not experimental order, production order—of the new long-range B-52 jet bomber came over my desk when I was with the Air Force.

Today, 5 years later, exactly 1 production article of that bomber has been completed, despite the fact that since then we have had the great impetus for more defense effort as the result of the Korean war, along with all the grave new implications incident to the Soviet now having, in production, modern long-range bombers and the atomic and hydrogen bombs.

The Senator from Michigan went on to say:

It is important for the American people to realize that it had become obvious, to discerning individuals within the Air Force itself that the 143-wing goal would not, and could not, be accomplished on the dates set.

Based on the quotation I have just cited, it is also important for the American people to know that the Chief of Staff of the Air Force, one who had access to all the information of every officer and every civilian in the Air Force, plus all records, was convinced 1 year ago that the goal could be accomplished.

That was also true of both the Secretary of the Air Force and the Under Secretary of the Air Force.

In fact the former Under Secretary of the Air Force, Mr. Roswell Gilpatric, partner in the law firm of Cravath, Swain & Moore, has just written me as follows:

Last evening I got hold of the CONGRESSIONAL RECORD containing Senator FERGUSON's speech on April 1, replying to your talk on March 30. With one exception, most

of the points he sought to make are "old stuff."

Slippages: During 1952-53 there were, as there always will be as long as new models are being brought into production, slippages in aircraft production.

As you know, at that time the Air Force was having trouble with the F-84F, the F-89D, and the Kaiser-Frazer C-119s.

What programs are in difficulties now I do not know, but the Air Force will undoubtedly have production problems with the F-101, F-102, F-104, and the F-105—not to mention such new bomber production as the B-52.

The exact extent of the slippages under the A-19 production schedule was put into the record during the hearings last spring before the House Military Appropriations Subcommittee. At that time, taking into account all aircraft production in this country for the MDAP program as well as for the United States Air Force itself, deliveries had fallen behind 8.5 percent for all types of aircraft and 13 percent for combat aircraft. Considering only planes being produced for the Air Force (and hence excluding the F-84G's and C-119's being supplied for NATO), the slippage was 12 percent for all aircraft, and 22 percent for combat aircraft. (Transcript of hearings, pp. 971-972.)

Senator FERGUSON obviously referred in his speech to the highest possible percentage; in General Vandenberg's statement last year (transcript, p. 982) the lowest percentage, namely, 8 percent, was used. Both were right with respect to the sort of slippages which each was talking about.

During last year's hearings before the House subcommittee, the principal witness on the Air Force program, Major General Picher, expressly testified that the Air Force would have reached its goal of 143 wings by 1955, barring acts of God, but taking into account slippages. (Transcript, pp. 115-116.)

Comparative jet strength: Your statement that the air units of the Army, Navy, and Air Force will not be 50 percent jet powered until 1957, which Senator FERGUSON called misleading and inaccurate was taken right out of the President's budget message for this year, viz:

"At the present time, the Air Force, Navy, and Marine Air Forces have a total active inventory of approximately 33,000 aircraft, of which approximately one-third are jet aircraft. The emphasis on airpower is reflected in the objective of increasing the active aircraft inventory to more than 40,000 during the next 3 years, with more than half of these aircraft to be jets."

Cutback of 965 planes: You yourself covered this subject very well in your speech last year, as you did Secretary Wilson's statement that the Air Force program was not coordinated and in balance.

Obligations: The reference to the General Accounting Office's finding that approximately \$5 billion of Air Force unliquidated obligations as of June 30, 1953, were questionable items is a brand new charge, and one of which I am extremely suspicious. You will note that Senator FERGUSON does not indicate the amount of such obligations which have been eliminated as not legitimate.

When all the facts are known, I believe you will find that these so-called questionable obligations consist of letter contracts as contrasted with definitive contracts. At all events, I am sure that there is some technical point involved because, with Mr. MacNeil as well as the Bureau of the Budget looking over its shoulder, the Air Force could never have inflated its obligations by \$5 billion even had it wanted to.

Now, Mr. President, we all know that the people in charge of the Pentagon and its three services are going to run

into many problems in the future; problems not only of logistics, but also of operations; and this would be especially true if the possible additional kick-off we hear more and more about actually occurs in Asia.

It is a source of regret to me that people currently running the Pentagon, or representatives of those who do, appear to take delight in criticizing the past administration of the armed services.

Personally, I hope that we currently on the Armed Services Committee of the Senate, and in the Senate itself, will try to help the new Pentagon chiefs—stand with them as they face the problems they are bound to have in the future—problems of design, of manufacture, of maintenance and of operations.

Now let us consider how justified was Mr. Gilpatric in his extreme suspicion about the way this General Accounting Office report was used.

In the effort of the Senator from Michigan to explain why only some \$100 million had been the net obligation for aircraft procurement since last July, he draws attention to a recent report of the General Accounting Office; which report he says estimated that \$5 billion of Air Force obligated funds, were questionable items as of June 30, 1953.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield to the Senator from South Carolina.

Mr. MAYBANK. Who could have been responsible for the lack of use of the money which had been authorized and appropriated?

Mr. SYMINGTON. The people presently in the Pentagon are the ones who asked for this money last year, to be used—

Mr. MAYBANK. But the Senator from Missouri also spoke of 1952.

Mr. SYMINGTON. That is correct. The GAO report to which I referred was for fiscal 1953, I may say to the Senator from South Carolina.

Mr. MAYBANK. I understand. Does the Senator from Missouri recall who was in charge of the appropriation bill at that time?

Mr. SYMINGTON. I would not know that.

Mr. MAYBANK. It was the former Senator from Wyoming, Mr. O'Mahoney.

Does the Senator from Missouri realize that a ye-and-nay vote was had in the Senate? If I am in error, I will stand corrected, but I do not believe there was more than one vote on the other side of the aisle against the bill to increase the size of the Air Force. I suggested a ye-and-nay vote; one was taken. Senator O'Mahoney was chairman of the subcommittee in 1951 or 1952; time goes so fast that I do not exactly recall. Nevertheless, Senators on both sides of the aisle voted to make the money available, but it was not used. That, however, was not the fault of the Republicans or of the Democrats.

As the Senator from Missouri has so ably stated, now the Republicans are going back into history to blame the Secretary for something for which they, themselves, voted.

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9. FISHERIES. The Interstate and Foreign Commerce Committee reported with amendments S. 2802, "to further encourage the distribution of fishery products" (S. Rept. 1210) (p. 4795). Sen. Kennedy inserted a Gloucester, Mass. city council resolution favoring this bill (p. 4794).
10. PRICE SUPPORTS. Sen. Thye submitted (for himself and Ives) and discussed an amendment to S. 2911 (the wool bill) to establish 85% dairy price supports for the marketing year ending Mar. 31, 1955, and limiting any future drop in support levels to 5% a year; and Majority Leader Knowland announced that on Apr. 15 he would move to make this bill the unfinished business and that it is expected that debate will start next Tues. (pp. 4800-2).
11. BUILDINGS. Continued debate on H. R. 6342, to authorize GSA to provide for private construction of buildings with lease agreements providing for gradual purchase of the buildings by the Government. Agreed to a McClellan amendment (to a committee amendment which had been reopened for amendment on Apr. 9) to prohibit any lease-purchase agreement unless the agreement is approved by the Public Works Committees. Pending at recess was a Kuchel amendment requiring Budget Bureau approval of each lease-purchase agreement before submission to the Public Works Committees and limiting certain payments for amortization. (pp. 4806-18, 4839, 4844-9).
12. SUGAR AGREEMENT. Sen. Dirksen submitted a reservation to be proposed by him to the resolution of ratification of the International Sugar Agreement (Exec B, 83rd Cong.) (p. 4790).
13. REPORTS. Received the following annual and special reports (p. 4791):
 - Activities of the Commerce Department for the 1953 fiscal year
 - Audit of the Virgin Islands Corporation for the 1953 fiscal year
 - From GSA on contracts negotiated for experimental, developmental, or research work.
14. DAIRY INDUSTRY. Received a Mich. Senate resolution favoring more extensive use of farm and dairy products in this country (pp. 4791-2).
Received a Calif. Senate resolution favoring the liquidation of surplus dairy products by distribution to the school lunch program, Armed Forces, public institutions, and to the needy (p. 4792).
15. DISEASE ERADICATION. Received a Calif. Legislature joint resolution favoring Federal funds "in an amount equal as nearly as possible to the current year's allocations" for the 1955 fiscal year for crops and livestock regulatory programs (p. 4792).
16. EDUCATION. Sen. Humphrey spoke against the House cut in appropriations for the educational exchange program with foreign countries (pp. 4805-6).
17. ADJOURNMENT. Agreed to a concurrent resolution that when the House adjourns on Apr. 15 it stand in adjournment until Apr. 26 (p. 4801). Sen. Knowland announced that the legislative program for next Mon. will be a call of the calendar (pp. 4801-2).

BILLS INTRODUCED

18. PUBLIC LANDS. H.R. 8820, by Rep. Aspinall, H.R. 8827, by Rep. Dawson, Utah, and H.R. 8838, by Rep. Stringfellow, to amend the mining laws of the U.S. and the mineral-leasing laws to provide for multiple-mineral development of the same tracts of the public lands; to Interior and Insular Affairs Committee (pp. 4787, 4893-4).
19. CIVIL DEFENSE. H. J. Res. 496, by Rep. Byrne, of Pa., and H. J. Res. 499, by Rep. O'Neill, to constitute the Federal Civil Defense Administration an executive department; to Government Operations Committee (pp. 4787, 4894).
20. SCHOOL LUNCH. S. 3300, by Sen. Smathers, to amend the National School Lunch Act in order to authorize assistance under the provisions of such act to public nurse training schools; to Agriculture and Forestry Committee (p. 4799).
21. FARM LOANS. S. 3307, by Sen. Wiley to amend section 1020c, Title 12: Banks and Banking, U.S.C., and to provide for payment by the Federal Farm Mortgage Corporation of the unpaid balance due on defaulted joint-stock land bank bonds declared by Congress to be instrumentalities of the Government of the U.S.; to Agriculture and Forestry Committee (p. 4799).
22. SURPLUS COMMODITIES. S. 3308, by Sen. Douglas, to provide for the disposal of Government-owned surplus agricultural commodities; to Agriculture and Forestry Committee (p. 4799). Remarks of author (pp. 4843-4).
23. PERSONNEL. H.R. 8824, by Rep. Barrett, to extend the application of the Classification Act of 1949 to certain positions in, and employees of, the executive branch of the Government; to Post Office and Civil Service Committee (p. 4893).
H.R. 8834, by Rep. Price, to provide for payment of compensation to certain Government employees improperly discharged, suspended, or furloughed, or improperly reduced in compensation; to Post Office and Civil Service Committee (p. 4894).

ITEMS IN APPENDIX

24. FOREIGN TRADE. Rep. Jones inserted Rep. Frank Smith's article, "Wake Up Southern Farmers, Foreign-Trade Losses Hurt You" urging farmers to take the lead in "arousing congressional opinion" towards trade agreements extension (pp. A2791-2).
Extension of remarks of Rep. Saylor opposing extension of the Trade Agreements Act (p. A2810).
Rep. Williams inserted a Wall Street Journal article favoring "American leadership in the direction of freer trade" (p. A2859).
25. TAXATION. Rep. Multer inserted copy of letter he sent to the editor of the Brooklyn Eagle explaining in detail some of the provisions of the revenue revision bill (pp. A2830-1).
26. PERSONNEL. Rep. Kersten inserted a Federal Employees Local No. 3 resolution favoring H. R. 8093; to amend the Classification Act of 1949 and the Federal Employees Pay Act of 1945 (p. A2839).

Mr. WILEY. Mr. President, as I said in the beginning, it is a great pleasure to welcome these gentlemen to the Senate of the United States. [Applause, Senators rising.]

Mr. SMITH of New Jersey. Mr. President, I am very happy to join with the chairman of the Senate Committee on Foreign Relations in welcoming these gentlemen from Germany. I had the great pleasure last year, when Mr. Adenauer was in Washington, to meet him. I agree entirely with the Senator from Wisconsin when he says these visits are a great help to the cause of world peace.

IMPORTANCE OF THE JEWELLED WATCH INDUSTRY TO THE NATIONAL DEFENSE

Mr. LANGER. Mr. President, during all the time I have been a Member of the Senate, I have tried to be fair to all citizens of the United States. A few days ago, I made a speech on the Senate floor in which I made reference to the American Watch Association, Inc., and to the tariff question, particularly with relation to jewel watch bearings.

I have received a telegram from the American Watch Association, Inc., signed by William Fox, which I ask unanimous consent to have printed in the body of the RECORD, together with my reply.

Again, I wish to say that I do not desire to do anyone an injustice, but I am going to do all in my power to protect the jewel bearing plant operated by the United States Government and to the operation of which they have designated the Bulova Watch Corp.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., April 12, 1954.
Senator WILLIAM LANGER,
Senate Office Building:

Respectfully suggest you have been seriously misinformed regarding the nature and character of the American Watch Association. American Watch Association is comprised of 65 companies totally American-owned, American-financed and using thousands of American employees. Originated as a trade association in 1933, name was changed in 1951 simply because the membership included importers and manufacturers in addition to assemblers. Numerous members of our association played an important role in defense work. And we sincerely feel that we patriotically acquitted ourselves as American citizens and businessmen, both in wartime and peace.

As the most important segment of the watch industry of the United States, we feel it important for truthful facts to be given and when statements are made which can be injurious to our national defense and our trade, it is high time they be corrected.

An examination of the recent Tariff Commission hearings will show that domestic manufacturers' statements were not only incorrect but were a definite attempt to mislead so as to gain additional tariff protection. We now know that numerous factories outside of the domestic watch industry duplicated the watch industry's efforts insofar as mechanical time fuses were concerned. We can state affirmatively and without fear of contradiction or rebuttal that we not only do not represent Swiss interests or have lent ourselves in any way

in acting as a disguise or a mask for Swiss interests, but are doing the utmost to bring out into the open, simple truthful factors. We earnestly hope that you will get into the record the true facts, and, specifically, that the American Watch Association, based on its record, has not, does not, nor ever will represent any foreign interest.

AMERICAN WATCH ASSOCIATION,
WILLIAM FOX.

APRIL 13, 1954.

WILLIAM H. FOX,
*American Watch Association, Inc.,
New York, N. Y.:*

I am deeply concerned about economic health of jeweled-watch industry. I regard that industry as important not only to our national economy but to national security and defense as well. There is a jewel-watch-bearing plant in my State at Roila, N. Dak., which I know has contributed greatly to the war effort and national defense. It is essential that we recognize the status of this industry as a defense industry. I am delighted to learn that your 65 member companies are totally American owned, and I will place your telegram in the CONGRESSIONAL RECORD to correct any possibility of misunderstanding.

WILLIAM LANGER,
United States Senator.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 130) requesting the President to proclaim the week May 2 to May 8, 1954, inclusive, as National Mental Health Week.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 8127) to amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes.

The message further announced that the House had agreed to the following concurrent resolution (H. Con. Res. 225), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H. R. 8127) to amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, the Clerk of the House is authorized and directed to make the following correction:

In section 13 of the bill strike out "The Commissioner of Public Roads" and insert in lieu thereof "The Secretary of Commerce."

EDUCATIONAL EXCHANGE PROGRAM

Mr. HUMPHREY. Mr. President, I ask unanimous consent that I may make a brief statement, not to exceed 4 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Minnesota is recognized for 4 minutes.

Mr. HUMPHREY. Mr. President, I rise to address the Senate for a few moments on a matter of crucial importance to the future of our Nation. That future depends upon our living harmoniously with other nations.

Within the last few days the House of Representatives voted to emasculate the educational exchange program of our Government, which has been such an effective and necessary arm of our foreign policy. The damage was in the form of a 40 percent cut in appropriations for our overseas information and goodwill program. A budget request of \$15 million was cut by \$6 million for the fiscal year beginning July 1.

I rise to alert the Senate to the urgent need to correct this serious error which the House of Representatives has committed. It is my hope and prayer that the Senate Appropriations Committee will restore the full appropriation. I stand ready to support such a move on the floor of the Senate when we are asked to vote on this appropriation item.

The effect of the House budget cut is fantastically serious. It would among other things do the following:

First. Eliminate educational exchanges completely in 46 countries, including all of the South American Republics, Egypt, Turkey, Korea, Indonesia, Iran, and Formosa.

Second. Eliminate entirely the so-called leader program in all of the 70 countries with which we have had educational relationships. I remind the Senate this program affords us an opportunity to reach the leaders of the nations of the world by sharing with them the spirit of America and the aspirations of our people.

Third. Seriously curtail our program of financing exchange programs through the use of foreign currencies.

Fourth. End the educational exchange provisions in our agreements with other American Republics, which have exchanges of students to and from 16 Latin American countries that would be effected each year.

Fifth. Eliminate entirely the teacher exchange program with all other countries.

Sixth. Stop even the small grants-in-aid to American-sponsored schools in Latin America. In substance, this action on the part of the House, a reduction of 40 percent in the budget, will wreck the mutual education exchange program and, for all practical purposes, the Fulbright scholarship program. I think it is about time we called a halt to this type of economy.

Mr. President, I simply cannot understand the motivation of this most shortsighted act of the House. To cut \$6 million from the educational exchange program will in the end prove so costly to us that it will be difficult to measure the loss in terms of dollars. At a time when the Soviet Union is expanding its propaganda and exchange programs with the nations of the world we are being asked to halt our educational exchange relationships with those same nations.

The original request for \$15 million contemplates bringing into the United

States 2,682 students, leaders, and specialists during the coming year. It also contemplates sending 1,465 Americans abroad. That program has been literally stopped in its tracks.

Furthermore, rather than curtailing the program, we should be doubling or tripling it. Wherever there is an empty schoolroom or an empty college classroom or empty desks in a college classroom, foreign students should have an opportunity to fill the void. It is about time that the Congress of the United States began to think about an integrated foreign policy rather than only a military program. At a time when we explode H-bombs and rely entirely upon that terrible weapon of destruction, I suggest we should move forward in terms of education and of good will under the educational opportunities of this program.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am happy to yield to the Senator from Arkansas.

Mr. FULBRIGHT. I wish to associate myself with the remarks just made by the Senator from Minnesota. I think the explosion of the H-bomb emphasizes the necessity of our arriving at a better understanding with other nations in the world.

Mr. HUMPHREY. I wish to thank the distinguished Senator from Arkansas.

Mr. President, I conclude by saying that the exchange student program is one of the wisest investments which can be made by the people of the United States for our own best interests and for building a better world. If the Congress fools around with and curtails these programs, the result may be that international communism will take over country after country in Africa, Asia, and South America. There cannot be any doubt about it, because communism will move into those countries not merely with weapons and arms, but with the weapons of ideas and education. The Communists have already educated 10,000 persons in Indochina, while we hardly have touched 100 of them. I implore the Senate to use good judgment, which I am sure it will, on this question.

The PRESIDING OFFICER. The Chair understands the morning business is now concluded.

The Chair recognizes the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. Mr. President—

Mr. KENNEDY. Mr. President, will the Senator yield so that I may ask unanimous consent to have several items placed in the RECORD?

Mr. KNOWLAND. I yield.

PRAYERS ON EASTER SUNDAY FOR THOSE BEHIND THE IRON CURTAIN

Mr. KENNEDY. Mr. President, on February 19, together with my colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from New Jersey [Mr. SMITH], I submitted a concurrent resolution suggesting to the churches and synagogues of America that on Easter Sunday and the first day of

Passover, both of which fall this year on April 18, they set aside a portion of their services for special prayers for the deliverance of all those behind the Iron Curtain who have been denied freedom to worship in their own way. That resolution, I am glad to say, has been unanimously approved by both the Senate and the House.

The resolution was offered on behalf of all those behind the Iron Curtain who have been persecuted for their religious faith, irrespective of their creed or denomination. As exemplifying this barbaric persecution, the resolution referred to the torture of Cardinal Mindszenty and Lutheran Bishop Lajos Ordass in Hungary, the incarceration of Cardinal Wyszynski (Vijhinsky) in Poland, the imprisonment of Archbishop Stepinac in Yugoslavia, the oppression of the Protestant ministers in Bulgaria, and the persecution of Jews throughout the area dominated by communism.

Since the introduction of the resolution, letters have been received from Bishop Mark I. Lipa of the Albanian-American Orthodox Episcopacy and Rev. Gabriel Ivascu, president of the Association of Rumanian Catholics of America. They point out the sufferings of their religious communities at the hands of atheistic communism.

Mr. President, I am glad these letters have come, because we are too apt to overlook the situation of Albania and Rumania in thinking of the countries oppressed by Soviet Russia today. I ask unanimous consent to have the letters printed at this point in the RECORD.

There being no objections, the letters were ordered to be printed in the RECORD, as follows:

ASSOCIATION OF RUMANIAN
CATHOLICS OF AMERICA,
Trenton, N. J., March 8, 1954.

HON. LEVERETT SALTONSTALL,
Senator from Massachusetts,
Senate Office Building, Washington, D. C.

DEAR SENATOR SALTONSTALL: May I, both in the name of the Association of Rumanian Catholics of America and my own, offer sincere congratulations and thanks for your recent concurrent resolution asking special prayers in churches and synagogues April 18 for "the deliverance of all those behind the Iron Curtain who are denied freedom to worship in their own fashion."

The Association of Rumanian Catholics of America represents in the United States the Catholic Rumanians grouped in their parishes. These parishes are today the only Catholic Rumanian parishes left free in the world. Their mother church, in Rumania, comprising over 1,600,000 souls, 1,800 priests, 6 bishops, and all the institutions that normally are attached to such a church, have been simply wiped out by a law of the Communist regime of Rumania on December 1, 1948. Of the bishops, 4 are dead, hundreds of priests and thousands of the faithful dead and in prison, and the church, as such, having no legal existence in the country today. All of this information was at the time published in the newspapers.

The omission of Rumania from the list of nations suffering under the yoke of communism is to us astonishing, because—without taking any of the importance of the persecution in the countries which were mentioned—Rumania has been hit in a particularly strong way by the persecution.

His Holiness Pope Pius XII has taken official notice of that persecution and has addressed an Apostolic Letter to the people of

the nation. I am enclosing for your kind study a copy of the letter.

Please accept again our sincerest thanks for your efforts in behalf of the suffering faithful of the world.

Very truly yours,
REV. GABRIEL IVASCU, President.

ALBANIAN-AMERICAN
ORTHODOX EPISCOPACY,

Boston, Mass., February 28, 1954.

SENATOR LEVERETT SALTONSTALL,
United States Senate,

Washington, D. C.

DEAR SENATOR SALTONSTALL: I would like to commend you for your action and the action of Mr. KENNEDY in jointly sponsoring Senate Concurrent Resolution 63 which asks the church leaders of America to sponsor special prayers during the Easter season for deliverance of those behind the Iron Curtain who are denied freedom of worship. As the officially recognized bishop of the Albanian American Orthodox faith in America I can assure you that my people support the ideals of this resolution.

The torture and subjection of religious leaders of all faiths by the Communists has been a cardinal aim of Russian policy since the Communist revolution. Albania was one of the first countries in the world to feel the brunt of this merciless communistic policy. The head of the Albanian Orthodox Church, Archbishop Kristopher Kissi was imprisoned as a traitor to the Russian-dominated government of Enver Hoxha in 1950. A Communist traitor to the faith, Paissi was installed in his place. Members of the Orthodox faith in Albania and in America have not supported this charlatan and religion has been driven underground.

In my own opinion the best way for the West to inspire all Albanians under the control of the Communists is to let them know through the Voice of America, the Radio Free Europe organization, and other informational devices at the disposal of the West that their religious suffering and oppression has not been forgotten. Your resolution should help in that regard and I support it wholeheartedly.

Albania is often forgotten when such resolutions are mentioned in the Congress. I would appreciate if you mentioned my thoughts concerning this resolution on the Senate floor.

Yours in Christ,
MARK I. LIPA, Bishop.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement prepared by me concerning the pending measure, H. R. 6342, and to include therewith a scholarly analysis of the legal problems which are raised by this bill.

There being no objection, the statement and analysis were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DIRKSEN

During the debate on H. R. 6342 on Thursday and Friday of last week, I expressed my

firm conviction that paragraph (e) of section 101 of that bill, as reported by the Senate Committee on Public Works, is an unconstitutional invasion by the legislative branch of the prerogatives of the executive branch.

My record of almost 20 years of service in both Houses of Congress will show conclusively that I yield to no man in my defense of the constitutional prerogatives of the Congress. Sworn as I am to uphold the Constitution, I would be derelict in my duty if I had not acted just as vigorously to uphold and defend the prerogatives of the executive branch in this case.

As I have stated, what this measure, in its present form, would do is to vest in two committees of the Congress a function which the Constitution does not sanction. It gives two committees a veto power over actions of the executive branch which have been authorized by congressional enactment. Nowhere in the Constitution is there any mention made of committees of the Congress. Aside from the control of its internal affairs, the only authorized congressional action is action by both Houses of Congress and not by committees. So that under any circumstances, even if the Congress had legal justification for usurping executive functions, such action to be effective, constitutionally, would have to be taken by both Houses, as prescribed by the Constitution.

If this bill authorized the Congress by simple or concurrent resolution to negate executive action, there would have been no necessity for the amendment I proposed. I cannot, however, support any measure which authorizes a committee to share with the executive branch in the administration of laws enacted by the Congress.

My learned colleagues who support this measure point to title VI of Public Law 155, 82d Congress, which required certain executive branch officials to come into agreement with two committees of the Congress, with respect to certain real-estate transactions. Reference has also been made to Public Law 534, 82d Congress, which contained a virtually identical provision. These provisions, we are told, furnish ample precedent for the action now contemplated in paragraph (e) of section 101 of the pending bill.

Those provisions were unconstitutional then and they are unconstitutional now. It is true that there has been no pronouncement to that effect by the Supreme Court of the United States or by any other competent Federal court. The reason that it is difficult to test the legality of such statutes is found in the fact that, in order for the matter to be presented to the courts, somebody must have standing to challenge its validity.

However, that fact does not make it constitutional. Nor does the fact that the Congress has taken this action in the past and gotten away with it, for the reasons mentioned, alter the situation. It is indeed interesting that the Congress of the United States, having in my very humble opinion acted in violation of the Constitution, now seeks to use the earlier action as precedent for repeating the error.

In order that the record may be complete on this important issue, I desire to call attention to an excellent, scholarly and well-documented article, entitled "The Control of Federal Administration by Congressional Resolutions and Committees," which appeared in volume 66 of the *Harvard Law Review* (February 1953), on pages 569-611. It was written by a very competent attorney, Mr. Robert W. Ginnane, who has studied this problem over a period of many years.

THE CONTROL OF FEDERAL ADMINISTRATION BY CONGRESSIONAL RESOLUTIONS AND COMMITTEES

(By Robert W. Ginnane)

Beginning in 1939, a constantly increasing number of Federal statutes have been en-

acted with provisions that a resolution passed by one or both Houses of Congress may veto, terminate, or compel action under those statutes by the executive branch of the Government. Other provisions permit the statute itself to be terminated or repealed by congressional resolution. Still other statutes and legislative proposals would subject actions proposed by the executive branch of the Government to the prior approval or disapproval of congressional committees. Such statutory provisions create a new relationship between the President and Congress and can profoundly affect the administration of the Federal Government. The provisions for action by a concurrent resolution of the two Houses present an obvious question as to whether they are consistent with the command of article I, section 7 (2) of the Constitution that all bills and every order, resolution, or vote to which the concurrence of the Senate and House of Representatives may be necessary shall be presented to the President for his approval or veto. In other words, do such statutory provisions represent an unconstitutional attempt by Congress to take legislative action without the concurrence of the President and thus frustrate his veto power? Moreover, do these statutes represent attempts by Congress either to assume executive functions which the Constitution requires to be performed by the President or by other executive officers, or to vest legislative power in a single House or in a congressional committee? The purpose of this article is to set forth the constitutional setting of these statutory provisions and the history of their development, and to suggest some possible legal and political consequences.

I. CONTROL BY CONGRESSIONAL RESOLUTIONS

In recent years Federal statutes have provided for the following types of control of executive or administrative action by a concurrent resolution, or less frequently by a simple resolution,¹ of the Congress:

1. Veto of action proposed by the President or an executive officer pursuant to a statute, as in the reorganization acts and the alien deportation statute;
2. Termination of statutes or statutory powers, as in the Lend-Lease Act and many other statutes;
3. Termination of executive action carried on pursuant to statute, as in the foreign aid statutes;
4. Direction of executive action pursuant to a statute, as in the Neutrality Act of 1939;
5. Removal of executive officers, as in the Tennessee Valley Authority Act.

The legal setting of such statutory provisions lies in the Federal Constitution's separation of powers and particularly in the related veto power of the President, which makes him a part of the legislative process. Article I, section 1, of the Constitution provides that all legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives, article II, sections 1 and 3 provide: "The executive power shall be vested in a President of the United States of America * * * he shall take care that the laws be faithfully executed." The purpose of these provisions, together with article III, vesting the judicial power in an independent judiciary, is to prevent the concentration of all governmental power in a single organ of the National Government. Articles I and II in effect prohibit the Congress from exercising executive functions and the President from exercising

legislative functions.² However, it has been sufficiently pointed out that the distinction between legislative and executive functions can become very blurred indeed, and that complete separation of powers is neither possible nor desirable.

Some matters are classified by the Constitution itself; thus, the appropriation of funds is clearly a legislative function, and the prohibition against bills of attainder precludes Congress from declaring guilt and imposing punishment.³ Other governmental acts may be performed by either Congress, the executive, or the judiciary. For example, Congress may itself, as it has often done, pass bills to relieve individual aliens from deportation or to determine specific claims against the Government; on the other hand, it may empower executive officers or courts to determine such matters under general statutory standards. Moreover, Congress may ordinarily reverse by amendment the application or interpretation which the executive or courts have given to a statute.

Perhaps as a matter of political science we could say that Congress should only concern itself with broad principles of policy and leave their application in particular cases to the executive branch. But no such rule can be found in the Constitution itself or in legislative practice. It is fruitless, therefore, to try to draw any sharp and logical line between legislative and executive functions.⁴ Characteristically, the draftsmen of 1787 did not even attempt doctrinaire definitions, but placed their reliance in the mechanics of the Constitution. One of their principal devices was to vest the legislative power in the two Houses of Congress and to make the President a part of the legislative process by requiring that all bills passed by the two Houses be submitted to him for his approval or disapproval, his disapproval or veto to be overridden only by a two-thirds vote of each House. It is in such checks upon powers, rather than in the classification of powers, that our governmental system finds equilibrium.

Rather than enumerating what governmental acts may be performed by Congress, the Constitution defines the procedure Congress must observe when it does act, regardless of whether the matter involved is said to be legislative or executive in character. Except in matters of impeachment, adjournment, and its own procedure and membership, neither the Senate nor the House alone possesses any governmental power. With these narrow exceptions, the power of Congress is vested in the two Houses acting together—a principle which is emphasized by the great compromise of the Constitution under which Senators and Representatives are elected upon different bases. Thus, Congress cannot delegate to one of its Houses the power to legislate.

A. History of the veto clause and the established uses of concurrent resolutions

It is clear from contemporary records that the President's veto power was made part of the legislative procedure primarily to give the President a defensive weapon against congressional encroachment upon his constitutional powers, and only secondarily as a

² Compare *Youngstown Sheet & Tube Co. v. Sawyer* (343 U. S. 579 (1952)) (President may not exercise legislative powers), with *Myers v. United States* (272 U. S. 52 (1926)) (Congress may not deprive the President of power to remove certain subordinate officials from office).

³ See *United States v. Lovett* (328 U. S. 303 (1946)).

⁴ For the net result of the doctrine that Congress may not delegate legislative powers to executive officers, see, e. g., *Lichter v. United States* (334 U. S. 742 (1948)), holding "excessive profits" to be an adequate standard.

¹ A simple resolution is one adopted by only one House. Like a concurrent resolution, a simple resolution is not submitted to the President. Bills and joint resolutions are submitted to the President for approval or veto.

check against unwise action.⁵ The importance which the men of 1787 attached to the veto power is indicated by the unusual detail in which they defined it in article I, section 7, of the Constitution. They did not stop with providing that "Every bill which shall have passed the House of Representatives and the Senate, shall, before it becomes a law, be presented to the President of the United States" for approval or disapproval, his disapproval being subject to an overriding two-thirds vote of both Houses. They also tied it down by adding the last paragraph of article I, section 7:

"Every order, resolution, or vote to which the concurrence of the Senate and House of Representatives may be necessary (except on a question of adjournment) shall be presented to the President of the United States; and before the same shall take effect, shall be approved by him, or being disapproved by him, shall be repassed by two-thirds of the Senate and House of Representatives, according to the rules and limitations prescribed in the case of a bill."

"It was after a discussion in the Constitutional Convention of the danger of the legislature encroaching upon the other branches of the Government that James Madison, 'observing that if the negative of the President was confined to bills, it would be evaded by acts under the form and name of resolutions, votes, etc., proposed that 'or resolve' should be added after 'bill,' in the beginning of section 13, with an exception as to votes of adjournment, etc. After a short and rather confused conversation on the subject, the question was put and rejected."⁶

On the following day, however, Randolph renewed the proposal, substantially as it now appears in the last paragraph of Article I, Section 7, as quoted above.⁷

It would be difficult to conceive of language and history which would more clearly require that all concurrent action of the two Houses be subject to the President's approval or veto. That an express exception was made for questions of adjournment—the only non-legislative, non-policy-making concurrent action of the two Houses which the Constitution specifically contemplates⁸—emphasizes the requirement that policy-making decisions of Congress be submitted to the President.

From an early date, there have been departures from the literal constitutional command that all concurrent action of the two Houses (other than adjournment action) be submitted to the President. A long-recognized exception is that the President's veto has no application to the action of Congress in proposing a constitutional amendment.⁹ Moreover, Congress has found the concurrent resolution to be a useful device in areas which are strictly its own business—such as printing matters, the creation of joint committees, requesting the President to return an enrolled bill for correction, and expressing the opinion of Congress on various subject.¹⁰ The distinction

between such matters of legislative mechanics and legislation was pointed out in 1897 by the Senate Committee on the Judiciary in a report which it had been directed to make to the Senate on the subject of joint and concurrent resolutions and their approval by the President:

"We conclude this branch of the subject by deciding the general question submitted to us, to wit, 'whether concurrent resolutions are required to be submitted to the President of the United States,' must depend, not upon their mere form, but upon the fact whether they contain matter which is properly to be regarded as legislative in its character and effect. If they do, they must be presented for his approval; otherwise, they need not be. In other words, we hold that the clause in the Constitution which declares that every order, resolution, or vote must be presented to the President, to 'which the concurrence of the Senate and House of Representatives may be necessary,' refers to the necessity occasioned by the requirement of the other provisions of the Constitution, whereby every exercise of 'legislative powers' involves the concurrence of the two Houses; and every resolution not so requiring such concurrent action, to wit, not involving the exercise of legislative powers, need not be presented to the President. In brief, the nature or substance of the resolution, and not its form, controls the question of its disposition."¹¹

Thus, the committee assumed, as of 1897, that concurrent resolutions were appropriate only in matters which were the exclusive concern of the two Houses—such as printing, joint rules, and expressing the sense of Congress upon a given subject. The modern uses of the concurrent resolution simply had not yet been invented.¹² Even today, it would be conceded that neither one nor both Houses of Congress can take legislative action merely by passing a simple or concurrent resolution.¹³ The problem considered here, however, is whether a statute may empower Congress to make decisions by resolution which it could not make in the absence of such a statute.

Concurrent Resolutions: An Aid to Statutory Interpretation? (37 ABAJ 421 (1951)).

¹¹ S. Rept. 1335, 54th Cong., 2d sess., 8 (1897), quoted in 4 Hind's Precedents of the House of Representatives, 329-331 (1907).

¹² Yet in 1854, Attorney General Caleb Cushing, in advising the Secretary of the Interior that he was not bound by separate and nonidentical resolutions to the same effect by the Senate and the House of Representatives, engaged in prophetic speculation as follows: "Of course, no separate resolution of either House can coerce a head of a Department, unless in some particular in which a law, duly enacted, has subjected him to the direct action of each; and in such case it is to be intended, that, by approving the law, the President has consented to the exercise of such coerciveness on the part of either House." (6 Ops. Atty. Gen. 680, 683 (1854).)

¹³ See *United States v. California* (332 U. S. 19, 28 (1947)). A similar problem was presented to the Supreme Court of Michigan in *United Ins. Co. v. Attorney General* (300 Mich. 200, 1 NW. 2d 510 (1942)). Under Michigan's constitution, the legislature by a two-thirds vote can provide in a statute that it shall take effect immediately after the Governor's approval, thus avoiding the ordinary requirement of a waiting period. After a statute had been enacted without such a provision, the legislature by a two-thirds vote passed a concurrent resolution declaring that the earlier statute should become effective immediately. It was held that the concurrent resolution was ineffective because it had not been presented to the Governor for his approval or disapproval.

Before 1919 it had never, so far as I have been able to discover, been suggested seriously that Congress could make an affirmative policy or legislative decision by a concurrent resolution not presented to the President. In that year, however, the Senate Committee on Foreign Relations proposed as a reservation to the Versailles Treaty that notice of withdrawal (from the League of Nations) by the United States may be given by a concurrent resolution of the Congress of the United States.¹⁴ This proposal was immediately challenged by Senator Walsh, of Montana, as violating the last paragraph of article I, section 7, of the Constitution. After extensive debate, the Senate by a vote of 45 to 39 refused to substitute a provision for termination by joint resolution.¹⁵ The debate made it clear that the sole purpose of the proposed use of the concurrent resolution was to enable the Congress to terminate American membership in the League of Nations without subjecting such a policy decision to the veto of a President who might favor continued membership.¹⁶

This provision did not become effective, since the United States never joined the League of Nations. However, the idea was not forgotten, for a year later Congress passed a budget and accounting bill which provided that the Comptroller General and the Assistant Comptroller General could be removed solely by concurrent resolution of the Congress. This bill was vetoed by President Wilson.

B. Modern developments in the use of congressional resolutions

Leaving aside these abortive proposals of 1919 and 1920, we find that the modern use of congressional resolutions to make veto-proof policy decisions begins in 1939, with a forerunner in 1932. For the sake of convenience, these recent statutes will be described in functional categories, although much of the later analysis will be common to all of them.

(1) Disapproval of proposed Executive action—(a) the Reorganization Acts: The most significant use of statutory provisions for disapproval or veto of proposed Executive action by concurrent and simple resolutions has been under the Reorganization Acts of 1939, 1945, and 1949. Before discussing the Reorganization Act of 1939, we should note the history of its predecessors. Title IV of the Legislative Appropriation Act, 1932, authorized the President by Executive order to consolidate executive agencies and functions. Section 407 provided that such an Executive order should not become effective until 60 days after its transmission to Congress and that "if either branch of Congress within such 60 calendar days shall pass a resolution disapproving of such Executive order, or any part thereof, such Executive order shall become null and void to the extent of such disapproval."¹⁷ The same section provided that such an Executive order could become effective in less than 60 days if sooner approved by a concurrent resolution of the two Houses. These provisions were enacted without any discussion in either House of the constitutional problem.

The history of section 407 was brief. The few orders President Hoover submitted to Congress in December 1932 were disapproved by a resolution of the House of Representa-

¹⁴ 58 CONGRESSIONAL RECORD 8074 (1919).

¹⁵ *Id.*, at 8074-8079, 8121-8137.

¹⁶ In the course of this debate, Senator Thomas, of Missouri, in opposing the concurrent-resolution provision, expressed the view that Congress could not provide in a statute for its termination by concurrent resolution, while Senator Fall, of New Mexico, thought that Congress could so provide. 58 CONGRESSIONAL RECORD 8122-8123 (1919).

¹⁷ 47 Stat. 414 (1932).

⁵ See, e. g., *The Federalist*, No. 73.

⁶ 5 Elliott's Debates 431 (1845).

⁷ *Ibid.*

⁸ Art. I, sec. 5, provides that neither House shall adjourn for more than 3 days while Congress is in session without the consent of the other House.

⁹ *Hollingsworth v. Virginia* (3 Dall. 378 (U. S. 1798)). Since article V requires a two-thirds vote of both Houses for such proposals, submission to the President would have little significance beyond presenting the President with an opportunity to make an effort to change Congress' mind.

¹⁰ For a discussion of the use of concurrent resolutions to express the view of Congress as to the proper interpretation of previously enacted statutes, see Gibson, Congressional

tives, and never went into effect.¹⁸ Shortly afterward Attorney General Mitchell issued an opinion recommending that the President veto, as unconstitutional, a bill which would have made Federal tax refunds in excess of \$20,000 subject to prior disapproval by the Joint Committee on Internal Revenue Taxation.¹⁹ In the course of this opinion the Attorney General referred to section 407 of the Legislative Appropriation Act of 1932 as follows:

"It must be assumed that the functions of the President under this act were executive in their nature or they could not have been constitutionally conferred upon him, and so there was set up a method by which one House of Congress might disapprove Executive action. No one would question the power of Congress to provide for delay in the execution of such an administrative order, or its power to withdraw the authority to make the order, provided the withdrawal takes the form of legislation. The attempt to give to either House of Congress, by action which is not legislation, power to disapprove administrative acts, raises a grave question as to the validity of the entire provision in the act of June 30, 1932, for Executive reorganization of governmental functions."²⁰

The next provision for reorganization of the Government appeared as title IV of the Treasury and Post Office Appropriation Act for 1934, which empowered the President to consolidate agencies and transfer functions by executive orders which were to be submitted to the Congress while in session and shall not become effective until after the expiration of 60 calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order or orders."²¹

As reported from the Senate committee, the bill had provided for disapproval of such Executive orders by concurrent resolution. Senator Byrnes introduced an amendment containing the substance of the provision as finally enacted, stating that he did so because the Attorney General was right in saying that one House could not veto the final action of the Executive, and two Houses would have no greater power than one House would have.²² Senator Byrnes' view was not challenged, and his amendment was adopted.²³ When the amended bill was returned to the House, there was rejected by a vote of 227 to 145 an amendment which would have again made reorganization orders subject to disapproval by a resolution of either House. During the discussion, Representative Chindbloom referred to the amendment as of doubtful validity in that it "delegates to either House the legislative power of the Congress, which, under the Constitution, can be exercised only by both Houses, with the concurrence of the President, or, in the case of his veto, by two-thirds vote of both Houses."²⁴ Thus, in large part as the result of Attorney General Mitchell's opinion, presidential reorganization orders under this statute were subject only to a 60-day waiting period which was designed to give Congress an opportunity to take adverse action through the regular legislative process. Attorney General Mitchell had suggested the validity of such a waiting-period requirement, a device which has since been employed in other statutes without challenge.²⁵

The enactment of the Reorganization Act of 1939 was preceded by extensive discussion in Congress as to whether a statute could subject proposed executive action to disapproval by concurrent resolution.²⁶ Early in the history of the legislation, Congress evidenced a purpose to retain some form of control over the reorganization of executive agencies. In 1937 there was discussion in congressional hearings of the earlier reorganization provisions and of Attorney General Mitchell's opinion.²⁷ In 1938 the Senate passed a bill providing that a reorganization plan should become effective 60 days after its submission by the President to the Congress;²⁸ within that time Congress could prevent such a plan from becoming effective only by passing a nullifying bill or joint resolution which would be subject to the President's veto. President Roosevelt supported this version, stating in part as follows:

"But there are two cogent reasons why the bill should go through as it is now drawn. The first is the constitutional question involved in the passage of a concurrent resolution, which is only an expression of congressional sentiment. Such a resolution cannot repeal executive action taken in pursuance of a law. The second is the very remote possibility that some legislative situation might possibly arise in the future where the President would feel obligated to veto a joint resolution of the Congress and properly require a two-thirds vote to override his veto."²⁹

Nevertheless, the House adopted an amendment providing that a reorganization plan should become effective upon the expiration of 60 days after transmission to Congress, except that if "Congress, prior to the expiration of such 60-day period shall, by concurrent resolution, find that such Executive order or any part thereof is not in the public interest, such Executive order shall, to the extent of such finding, not become effective."³⁰ It was contended, by analogy to the tariff and other delegation cases, that a statute could empower a majority of each House to make the finding of fact relating to public interest, whereas it could not provide for a general power to veto Executive action.³¹ Finally, the 1938 reorganization bill was killed by being recommitted to the House committee.³²

In 1939 Congress again concerned itself with Government reorganization. As reported to the House, the bill provided that reorganization plans should become effective upon the expiration of 60 days after transmission to Congress, unless within that period Congress passed a concurrent resolution

expressing its disapproval of the plan.³³ The validity of this use of the concurrent resolution was justified as follows in the report of the House Select Committee on Government Organization:

"The failure of Congress to pass such a concurrent resolution is the contingency upon which the reorganizations take effect. Their taking effect is not because the President orders them. That the taking effect of action legislative in character may be made dependent upon conditions or contingencies is well recognized. The latest pronouncement of the Supreme Court on the subject is in *Currin v. Wallace* (306 U. S. 1 (1939)). That case upheld the validity of a referendum of farmers which determined whether the Secretary of Agriculture could exercise the authority given him by the statute to designate a market as one at which tobacco was required to be inspected and certified by Department representatives prior to its sale. It seems difficult to believe that the effectiveness of action legislative in character may be conditioned upon a vote of farmers but may not be conditioned on a vote of the two legislative bodies of the Congress."³⁴

During the ensuing House debate, Representative Cox expressed the opinion that "In performing under the act the President exercises no legislative or executive power, but only as the ministerial agent of the Congress acts in accordance with directions that are given."³⁵ Mr. Cox relied repeatedly upon *Currin v. Wallace*, and disagreed entirely with the opinion of Attorney General Mitchell referred to above.³⁶ Representative TABER was of the opinion that the provision violated article I, section 7 of the Constitution,³⁷ as was Representative Wolcott, who referred to the 1897 report of the Senate Committee on the Judiciary.³⁸

An amendment adopted by the Committee of the Whole House would have made reorganization plans subject to veto within the 60-day period by a resolution of either House.³⁹ This amendment was later rejected by the House,⁴⁰ but it served to provoke a discussion as to whether there was any difference, constitutionally, between disapproval of proposed executive action by a simple resolution of one House or a concurrent resolution of the two Houses. Representatives Sumners and Cox expressed the view that if a statute could provide for veto by concurrent resolution, it could as validly provide for veto by a simple resolution of one House. Representative Warren, on the other hand, indicated a doubt as to the constitutionality of such a veto by one House, referring to Attorney General Mitchell's comments on the similar provision in the 1932 statute.⁴¹

In the Senate, Senator Barkley defended the provision for veto by concurrent resolution on the theory that it simply made a reorganization plan effective upon the event or condition precedent of the two Houses failing to pass a concurrent resolution of disapproval.⁴² Senator Brown supported this view and cited *Currin v. Wallace* as authority.⁴³ On the other hand, Senator King asserted that the provision for veto by concurrent resolution was invalid in that under article I, section 7, every concurrent resolution (except on a question of adjourn-

are submitted to the legislature. Such statutes are cited and discussed in note, Laying on the Table—A Device for Legislative Control Over Delegated Powers (65 Harv. L. Rev. 637, 640 (1952)). The validity of such waiting-period requirements was assumed in *Sibbach v. Wilson & Co.* (312 U. S. 1, 15 (1941)). See also sec. 19 (c) of the Surplus Property Act of 1944, 58 Stat. 775, as amended by 59 Stat. 546 (1945), which required that the proposed disposition of specified classes of property be reported to the Congress 30 days (60 days in the case of aluminum plants and facilities) in advance of any actual disposition (other than a lease for less than 5 years).

²⁶ See generally, Millett and Rogers, The Legislative Veto and the Reorganization Act of 1939, 1 Pub. Admin. Rev. 176 (1941).

²⁷ See Hearings before the Joint Committee on Government Organization on Sen. Doc. No. 8, 75th Cong., 1st sess. 8, 90, 169-73 (1937).

²⁸ S. 3331, 75th Cong., 3d sess. (1938).

²⁹ 83 CONGRESSIONAL RECORD 4487 (1938).

³⁰ Id. at 5003-5004, 5011.

³¹ Id. at 5004-5011.

³² Id. at 5123-5124.

³³ H. R. 4425, 76th Cong., 1st sess. (1939).

³⁴ H. Rept. No. 120, 76th Cong., 1st sess. 6 (1939).

³⁵ 84 CONGRESSIONAL RECORD 2377 (1939).

³⁶ Id., at 2375-2379.

³⁷ Id., at 2477.

³⁸ Id., at 2478. See pp. 573-574, supra.

³⁹ Id., at 2498.

⁴⁰ Id., at 2503.

⁴¹ Id., at 2498-2499.

⁴² Id., at 3036.

⁴³ Id., at 3044.

¹⁸ H. Res. 334, 72d Cong., 2d sess. (1932).

¹⁹ 37 Op. Atty. Gen. 56 (1933), discussed more fully at pp. 605-606, infra.

²⁰ Id., at 63-64.

²¹ 47 Stat. 1519 (1933).

²² 76 CONGRESSIONAL RECORD 3539 (1933).

²³ See id. at 3537-44.

²⁴ Id. at 4613; see also id. at 4610-14.

²⁵ The principal examples are the Federal and State statutes empowering courts to draft rules of procedure which are to become effective a specified period of time after they

ment) was subject to Presidential approval.⁴⁴ The bill as enacted provided for disapproval of proposed reorganization plans by a concurrent resolution of the two Houses.⁴⁵

The Reorganization Act of 1945⁴⁶ is for our purposes identical with the 1939 act. Pursuant to the 1939 and 1945 Reorganization Acts the President transmitted to Congress a total of 11 reorganization plans; of these, 5 became effective without disapproval by either House, 4 became effective over the disapproval of a single House, and 2 were prevented from taking effect by concurrent resolutions of disapproval.

The Reorganization Act of 1949 provides that a plan of reorganization proposed by the President may be prevented from becoming effective by a resolution passed by either House of Congress, "stating in substance that that House does not favor the reorganization plan."⁴⁷ President Truman and Herbert Hoover had recommended continued provision for congressional disapproval by concurrent resolution as in the earlier reorganization acts.⁴⁸ While the bill was pending in the Senate, the Committee on Expenditures in the Executive Departments wrote to the Attorney General, calling his attention to Attorney General Mitchell's opinion of January 24, 1933, and asking his opinion whether congressional disapproval of reorganization plans could be effected constitutionally (1) by a simple resolution of either House of the Congress, or (2) by a concurrent resolution of both Houses of the Congress.

The Attorney General submitted a memorandum dealing only with the question of concurrent resolutions.⁴⁹ The memorandum pointed out that Attorney General Mitchell's views on the reorganization legislation of 1932 were obiter dicta, and asserted that that opinion "insofar as it intimated the unconstitutionality of the reorganization provisions of the act of June 30, 1932, was based upon an unsound premise, namely, that the Congress in disapproving a reorganization plan is exercising a legislative function in a nonlegislative manner." In concluding that there is no constitutional objection to providing for disapproval of reorganization plans by a concurrent resolution, the Department

of Justice memorandum characterized the procedure as follows:

"It cannot be questioned that the President in carrying out his Executive functions may consult with whom he pleases. * * * There would appear to be no reason why the Executive may not be given express statutory authority to communicate to the Congress his intention to perform a given Executive function unless the Congress by some stated means indicates its disapproval. The Reorganization Acts of 1939 and 1945 gave recognition to this principle. The President, in asking Congress to pass the instant reorganization bill, is following the pattern established by those acts, namely by taking the position that if the Congress will delegate to him authority to reorganize the Government, he will undertake to submit all reorganization plans to the Congress and to put no such plan into effect if the Congress indicates its disapproval thereof. In this procedure there is no question involved of the Congress taking legislative action beyond its initial passage of the Reorganization Act. Nor is there any question involved of abdication by the Executive of his Executive functions to the Congress. It is merely a case where the Executive and the Congress act in cooperation for the benefit of the entire Government and the Nation."⁵⁰

Within 2 months after the passage of the act, the President's proposal to establish a department of welfare was disapproved by a resolution of the Senate.⁵¹

(b) Deportation of aliens: The alien deportation process affords another significant example of the use of congressional resolutions to control administrative action. The Alien Registration Act of 1940 authorized the Attorney General to suspend the deportation of otherwise deportable aliens to avoid hardship to dependents.⁵² If a deportation was suspended for more than 6 months, the facts were to be reported to Congress within 10 days after the beginning of the next regular session. Unless Congress during that session passed a concurrent resolution stating that it did not favor such suspension, the deportation proceedings were to be canceled and the alien allowed to remain. The question of the validity of the provision was not discussed in either the House or the Senate. As of June 30, 1947, the Attorney General had reported to Congress the suspension of the deportation of 20,444 aliens. None of these suspensions was disapproved by concurrent resolution.

In 1948 the suspension provision was amended to provide that unless a suspension of deportation was affirmatively approved within 6 months by a concurrent resolution of the two Houses deportation had to be effected.⁵³ The Senate Committee on the Judiciary explained that the change from disapproval to approval by concurrent resolution was thought necessary because under the former provision the cases were almost automatically shelved in favor of other matters in which affirmative action is required. The committee cannot bring itself to the view that Congress should relinquish its prerogative to pass upon these referral cases.⁵⁴ While Congress has passed numerous con-

current resolutions approving suspensions,⁵⁵ it has in a small number of cases refused to approve the Attorney General's recommendations.

The Immigration and Nationality Act of 1952 provides for the use of congressional resolutions of both the affirmative and negative types. Thus, section 244 (b) authorizes the Attorney General to suspend deportation of aliens in certain classes, subject to disapproval by resolution of either House, while subsection (c) provides that in other classes of cases the suspension of deportation must be affirmatively approved by a concurrent resolution.⁵⁶

(c) Miscellaneous Federal and State statutes and the English practice: Other recent statutes and proposals suggest an even wider possible range of such uses of the congressional resolution. The Federal Airport Act of 1946 establishes a program of Federal grants-in-aid to encourage the construction of airports. Section 8 of that act requires the Administrator of Civil Aeronautics to submit to Congress a request for authority to undertake projects for the development of larger airports, and provides that "the Administrator may consider [the appropriation of funds by Congress] as granting the authority requested unless a contrary intent shall have been manifested by the Congress by law or by concurrent resolution, and no grants shall be made unless so authorized."⁵⁷ The Federal Civil Defense Act of 1950 directs the Federal Civil Defense Administrator to encourage the States to enter into interstate civil defense compacts; it further provides that upon the transmission of such an interstate compact to Congress, the consent of Congress required by article I, section 10, of the Constitution shall be deemed given if within a period of 60 days "there has not been passed a concurrent resolution stating in substance that the Congress does not approve the compact."⁵⁸ When the Reciprocal Trade Agreements Act was renewed in 1948, the House of Representatives passed a bill which would have subjected to congressional disapproval by concurrent resolution any trade agreement making tariff changes in excess of those recommended by the Tariff Commission.⁵⁹ This provision was omitted from the bill as enacted because of Senate objections.⁶⁰ In 1947 bills were introduced proposing the creation of valley authorities for the Missouri, Columbia, and Savannah River Valleys;⁶¹ each of these bills would have directed the authority or corporation concerned to prepare a comprehensive plan of regional development which would be transmitted to Congress and be subject to disapproval by concurrent resolution.

⁵⁵ See, for example, Senate Concurrent Resolutions 21, 22, 24, and 25, 81st Cong., 1st sess. (1949), each of which lists a considerable number of aliens by name and file number. In *McGrath v. Kristensen* (340 U. S. 162 (1950)), the Supreme Court held that this provision for approval by a concurrent resolution did not so deprive the Attorney General's action—holding an alien ineligible for suspension of deportation—of finality as to make it unreviewable by the Federal courts.

⁵⁶ 66 Stat. 216 (1952), 8 U. S. C. A., sec. 1254 (Supp. 1952).

⁵⁷ 60 Stat. 174, 49 U. S. C., secs. 1107, et seq. (1946).

⁵⁸ 64 Stat. 1249 (1950), 50 U. S. C. App., sec. 2281 (g), (Supp. 1952).

⁵⁹ 94 CONGRESSIONAL RECORD 6536-6538 (1948). See H. R. 6556, H. Rept. No. 2009, 80th Cong., 2d sess. (1948).

⁶⁰ See S. Rept. No. 1558, 80th Cong., 2d sess. 7 (1948).

⁶¹ S. 1156, 1647, 1534, 80th Cong., 1st sess. (1947).

⁴⁴ Id., at 3090.

⁴⁵ 53 Stat. 562 (1939).

⁴⁶ The legislative history of the Reorganization Act of 1945 is of interest in that as the bill was reported by the Senate Committee on the Judiciary it provided for veto of a reorganization plan by either House. The committee's report stated that "such a delegation of legislative power does not operate to deprive either House of the Congress of its constitutional right to have no change made in the law relating to organization of the Government without the assent of at least a majority of its Members present and voting." (S. Rept. No. 638, 79th Cong., 1st sess. 3 (1945).) In the Senate, this provision was attacked as unconstitutional by Senator Murdock, who referred to Attorney General Mitchell's 1933 opinion. (91 CONGRESSIONAL RECORD 10269-102774, 10714 (1945).) The Senate substituted a provision for veto by concurrent resolution, but largely, it appears, for practical reasons rather than because of constitutional doubts.

⁴⁷ 63 Stat. 205 (1949), 5 U. S. C., sec. 1332-4 (Supp. 1952).

⁴⁸ H. Rept. No. 23, 81st Cong., 1st sess., 2, 4 (1949).

⁴⁹ See S. Rept. No. 232, 81st Cong., 1st sess., 1-3, 3-5, 19 (1949). While the Attorney General adhered to the traditional position that he is not authorized to render opinions to the Congress or its committees, he submitted a memorandum setting forth the views which would be expressed by a representative of the Department of Justice if called upon to testify.

⁵⁰ Id. at 20, citing *Hirabayashi v. United States* (320 U. S. 81, 91-94 (1943)).

⁵¹ S. Res. 147, 81st Cong., 1st sess. (1949).

⁵² 54 Stat. 672 (1940), 8 U. S. C. § 155 (c) (1946).

⁵³ 62 Stat. 1206 (1948), 8 U. S. C., sec. 155 (c) (Supp. 1952). For a similar provision relating to aliens, enacted about the same time, see sec. 4 (a) of the Displaced Persons Act of 1948, 62 Stat. 1011, as amended by 64 Stat. 224 (1950), 50 U. S. C. App. sec. 1953 (a) (Supp. 1952).

⁵⁴ S. Rept. No. 1204, 80th Cong., 2d sess., 4 (1948).

There is a marked resemblance between these statutory provisions for the control of administrative action by concurrent resolutions and the English practice of requiring the submission of administrative rules to Parliament.⁶² Apparently these English procedures are applied largely to administrative rules of general applicability, while in the Federal Government we have applied the concurrent resolution device only to specific administrative actions—such as a proposed reorganization plan and a suspension of a deportation order. Recently, however, there have been various proposals to subject general rules to congressional disapproval as expressed in a resolution. For example, a 1948 proposal to grant home rule to the District of Columbia would have provided that a legislative proposal or zoning ordinance should become effective if within 30 days after presentation it was not disapproved by either House and if, within an additional 10 days, it was not disapproved by the President.⁶³ The same bill also provided that emergency legislation passed by the District Council could become effective with the concurrence of a joint congressional committee, subject to later disapproval by either House as in the case of ordinary legislative proposals.⁶⁴

It is interesting to note that former Attorney General Mitchell criticized both provisions for the reasons stated in his 1933 opinion.⁶⁵ Other able lawyers defended the first provision on the ground that the legislative and zoning proposals of the council could be regarded as bills and that the Constitution leaves each House free to provide that a bill which it does not affirmatively disapprove shall be regarded as having been passed by that House.⁶⁶ However, they shared Mr. Mitchell's doubts with respect to the termination by adverse resolution of one House of

emergency legislation which had already become effective.⁶⁷

In 1947 Senator Barkley introduced a bill to authorize the reimposition of price controls. Among other things, it provided that the name of a commodity to be placed under price controls should be submitted to Congress which, by passing a concurrent resolution within 30 days, could disapprove the imposition of price controls upon such commodity.⁶⁸ In 1951 Senator McCARRAN introduced a bill to establish a commission to formulate rules of procedure for administrative agencies; such rules would become effective 10 days after the end of the session during which they were reported to Congress unless previously disapproved by a concurrent resolution.⁶⁹

There are a few recent State statutes which subject proposed executive action to prior approval or disapproval by concurrent resolution of the two houses of the legislature. The New Hampshire Reorganization Act, which is substantially the same as the Federal Reorganization Acts of 1939 and 1945, will be discussed later, as will the Colorado turnpike statute.⁷⁰ Other States are experimenting with the British technique of requiring administrative rules to be submitted to the legislature, which may disapprove them by concurrent resolution. Thus, a 1947 Connecticut statute provides that by February 15th of the odd-numbered years (in which the general assembly meets) the Secretary of State shall submit to the general assembly "all effective regulations" made by any executive or legislative department or agency. It is further provided that, "Any regulation or any part thereof disapproved by the general assembly by resolution shall be void and shall not be reissued."⁷¹ The Connecticut legislature has exercised this power through resolutions not presented to the governor.⁷² A 1947 Michigan statute requires regulatory agencies to submit, with certain exceptions, all rules and amendments to the legislature, which may disapprove such rules by a concurrent resolution.⁷³ The same statute also authorizes a joint legislative committee on administrative rules, when the legislature is not in session "to suspend the operation of any rule not in conformity with the statute under which it was promulgated," subject to later reinstatement of the rule by concurrent resolution of the legislature.⁷⁴

(2) Termination or repeal of statutes by concurrent resolution: The most frequent type of statutory provision for congressional action in the form of concurrent resolutions is that which provides for the repeal or termination of the statute by a concurrent resolution. Here the chief constitutional question is whether such provisions violate section 7 of article I, under which a bill repealing or terminating an earlier statute is subject to the President's veto like any other bill.

During the convention of 1787 the application of the President's veto to repeals of

statutes was briefly but specifically discussed:

"Mr. Williamson was less afraid of too few than of too many laws. He was most of all afraid that the repeal of bad laws might be rendered too difficult by requiring three-fourths to overcome the dissent of the President."

"Colonel Mason (was also opposed to a requirement of three-fourths vote to override a veto). * * * His leading view was to guard against too great an impediment to the repeal of laws."

"Mr. Madison * * * as to the difficulty of repeals, it was probable that in doubtful cases the policy would soon take place of limiting the duration of laws so as to require renewal instead of repeal."⁷⁵

Thus, it is fair to say that the convention was aware that the veto could be employed to prevent the repeal of statutes, but was apparently content with Madison's comment that this problem could be dealt with by employing statutes of limited duration.

So far as I have discovered, 150 years elapsed before there was inserted into a Federal statute a provision providing for its termination by a concurrent resolution. The Lend-Lease Act of 1941 provided:

"After June 30, 1943, or after the passage of a concurrent resolution of the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a)."⁷⁶

Senator Connally explained that the provision merely provided for the termination of the statutory powers upon the event of the passage of a concurrent resolution—thus seeking to avoid the issue of whether a concurrent resolution could be effective as such to terminate the statute.⁷⁷

The validity of this use of the concurrent resolution was debated at length in the Senate. Everyone conceded that its sole purpose was to provide a means of terminating the extensive powers conferred by the bill otherwise than by a termination or repeal bill subject to a possible veto by the President. Senator Bailey thought that a provision for termination upon the event of a concurrent resolution would be valid.⁷⁸ Senators Clark, Gillette, McCarran, and (particularly) Murdock considered the provision invalid,⁷⁹ all arguing in effect that it was an unconstitutional device to evade a possible veto of repealing legislation. The only precedent considered in the discussions was the Reorganization Act of 1939.⁸⁰

While the arguments made in the debates in support of the termination provision of the Lend-Lease Act had emphasized the event of the passage of a resolution as being the operative fact, the authors of the provision seem to have had a more substantial distinction in mind in requiring Congress to make at least a nominal finding of fact—namely, that the powers "are no longer nec-

⁶² Sometimes an English statute will require that a rule issued thereunder lie before Parliament for a specified period during which it may be annulled by resolution. Other English statutes provide that rules must be affirmatively approved by a resolution of both Houses of Parliament or a resolution of the House of Commons alone. Both Houses have established committees to examine rules laid before the Parliament pursuant to such statutory provisions. During the congressional debates on the statutes referred to in this discussion, no reference was made to this English practice—a circumstance which suggests that there was no conscious imitation. Yet, in 1938, Dean Landis in the Storrs Lectures described the English procedure and suggested that it might be usefully employed here. Landis, *The Administrative Process* 77-79 (1938); see also Allen, *Law and Orders* 50, 64-67 (1947); May's *Parliamentary Practice* 823-28 (15th ed. 1950). For a view that this procedure for legislative review of regulations has been ineffective, and a refusal to recommend such a procedure for the Federal Government, see Final Report of the Attorney General's Committee on Administrative Procedure 120 (1941). And see particularly note, *Laying on the Table—A Device for Legislative Control Over Delegated Powers*, 65 Harv. L. Rev. 637 (1952), reviewing the English experience and considering the feasibility of employing the procedure in this country.

⁶³ H. R. 4902, 80th Cong., 2d sess., sec. 501 (1948).

⁶⁴ Id., sec. 502.

⁶⁵ Joint hearings before Subcommittees of the Senate and House Committees on the District of Columbia on S. 1968 and H. R. 4902, 80th Cong., 2d sess., 501-16 (1948). See pp. 576-577 supra.

⁶⁶ This argument may have been rejected by the supreme court of New Hampshire in *Opinion of the Justices*, 96 N. H. 517, 83 A. 2d 738 (1950).

⁶⁷ Hearings, supra, note 65, at 518, 525.

⁶⁸ S. 1888, 80th Cong., 1st sess., sec. 10 (c) (1947).

⁶⁹ S. 17, 82d Cong., 1st sess. (1951).

⁷⁰ See pp. 597-98 infra.

⁷¹ Conn. Gen. Stat. sec. 285 (1949).

⁷² For resolutions of the general assembly disapproving administrative regulations, see 16 Conn. L. J. No. 36, p. 2 (July 12, 1949); 17 id. No. 45, p. 8 (July 24, 1951) 17 id. No. 48, p. 16 (Aug. 14, 1951).

⁷³ 2 Mich. Stat. Ann. sec. 3.560 (14b)-(14c) (1952).

⁷⁴ The operation of the Michigan statute is discussed in a Staff Report to the Michigan Joint Legislative Committee on Reorganization of State Government (1951), reprinted in Davison and Grundstein, *Case and Readings on Administrative Law* 748 et seq. (1952).

⁷⁵ Documents illustrative of the formation of the Union of the American States 714-15 (1927).

⁷⁶ 55 Stat. 32 (1941), as amended, 22 U. S. C. § 412 (c) (Supp. 1952).

⁷⁷ 87 CONGRESSIONAL RECORD 1155, 1597 (1941). An earlier amendment passed by the House had provided simply that Congress could terminate the powers by a concurrent resolution. See id. at 735.

⁷⁸ Id. at 1163-64.

⁷⁹ 87 CONGRESSIONAL RECORD 1100, 1246, 1296, 1596, 2063-2064, 2073-2075.

⁸⁰ See pp. 579-81, supra. No one referred to the extensive Senate debate in 1919 on the proposal that American membership in the League of Nations be terminable by concurrent resolution. See p. 575, supra.

essary to promote the defense of the United States"—in order to terminate the operation of the act. Legislative draftsmen did not for long, however, limit themselves to this nicety. The First and Second War Powers Acts, for instance, simply provided for their duration for specified periods "or until such earlier time as the Congress by concurrent resolution or the President may designate."⁸¹ The Emergency Price Control Act of 1942, on the other hand, provided for its termination upon a fixed date "or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this act is not necessary in the interest of national defense and security, whichever date is the earlier."⁸² A similar provision appears in the Economic Cooperation Act of 1948.⁸³ The most extreme provision was in the Selective Service Extension Act of 1941, which provided that the authority given to the President to extend the period of service of selectees and reservists "is subject to the condition that the delegation of such authority may be revoked at any time by concurrent resolution of the Congress."⁸⁴ Senator Adams contended that this was an invalid attempt to provide for repeal of a statute without the participation of the President, and Senator Taft agreed with him.⁸⁵

By the time the Second War Powers bill was before the Senate the President was regularly signing without objection bills containing such a termination provision. In fact, such provisions were appearing in administration-drafted bills such as the price control bill. Furthermore, the General Counsel of the Office of Price Administration had submitted to the House Committee on Banking and Currency a memorandum defending the validity of termination by concurrent resolution. While recognizing the possible application of section 7 of article I, he concurred in the "event" theory and buttressed it by the thought that Congress could make itself the agency charged with making a finding of fact, just as it could make a statute effective or inoperative upon a finding of fact by the President or upon a vote of farmers.⁸⁶

In any event, it has become commonplace for Congress to provide for the termination of statutes on a specified date "or on such earlier date as may be prescribed by concurrent resolution of the Congress"⁸⁷ or to provide simply that "The provisions of this Act shall expire on such date as may be specified by a concurrent resolution of the two Houses of Congress."⁸⁸ The Defense Production Act of 1950 contained the logical development of providing that either the Act or any section of the Act could be terminated by concurrent resolution.⁸⁹ Regard-

less of form, Congress has not yet passed such a concurrent resolution to repeal or terminate statutory powers.

(3) Termination of administrative action by concurrent resolution: The principal foreign aid statutes of recent years have provided that aid to any particular foreign country may be terminated by a concurrent resolution. This use of the concurrent resolution is an obvious refinement from its use to repeal the statute itself. Such a clause first appeared in the Greek-Turkish Aid Act of 1947, providing that "Assistance to any country under this chapter may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress."⁹⁰ Similar provisions appear in the Mutual Defense Assistance Act of 1949,⁹¹ and a provision in the Universal Military Training and Service Act of 1951 permits Congress by concurrent resolution to eliminate or to reduce to a shorter period than that prescribed in the statute the service obligation of any age group.⁹²

(4) Compelling or initiating executive action by concurrent resolution: The Neutrality Act of 1939 provided that "Whenever the President, or the Congress by concurrent resolution, shall find that there exists a state of war between foreign states, and that it is necessary to promote the security or preserve the peace of the United States or to protect the lives of citizens of the United States, the President shall issue a proclamation,"⁹³ thereby putting into effect various provisions of the act. It is clear that the Congress could make the statute operative upon such a finding of fact by the President.⁹⁴ But here Congress also provided for pulling the trigger itself by concurrent resolution. In the Senate discussion of the bill, Senator Danahe questioned whether the use of a concurrent resolution to put into effect previously created statutory machinery was constitutional,⁹⁵ and Senator Lucas made a detailed argument that such a provision was invalid under article I, section 7.⁹⁶ Senator Connally defended the provision, suggesting that it merely made the statute effective upon the contingency of such a concurrent resolution—which he analogized to making it effective upon the first sinking of a ship by a submarine.⁹⁷ Congress never passed a concurrent resolution pursuant to the Neutrality Act.

The next statutory provision for such a trigger use of the concurrent resolution was the Federal-Aid Highway Act of 1944 authorizing appropriations of \$500 million for each of 3 successive post-war fiscal years, the first such fiscal year to be "that fiscal year which ends on June 30 following the date proclaimed by the President as the termination of the existing war emergency, or following the date specified in a concurrent resolution of the two Houses of Congress as the date of such termination, or following the date on which the Congress finds as a fact that the war emergency heretofore referred to has been relieved to an extent that will justify proceeding with the highway construction program provided for by this act, whichever date is the earliest."⁹⁸

⁸⁰ 61 Stat. 105 (1947), 22 U. S. C. sec. 1406 (Supp. 1952).

⁸¹ 63 Stat. 718 (1949), 22 U. S. C. sec. 1576 (Supp. 1952).

⁸² 65 Stat. 80 (1951), 50 U. S. C. App. sec. 454 (k) (Supp. 1952).

⁸³ 54 Stat. 4 (1940), 22 U. S. C., sec. 441 (1946).

⁸⁴ *United States v. Curtiss-Wright Export Corp.* (299 U. S. 304 (1936)).

⁸⁵ 85 CONGRESSIONAL RECORD, 226, 238 (1939). There had been no discussion of its validity in the House.

⁸⁶ *Id.*, at 837-39.

⁸⁷ *Id.*, at 836-37.

⁸⁸ 58 Stat. 839 (1944).

No question as to the validity of such use of the concurrent resolution was raised in either House. In the following year Congress, in response to a recommendation by President Truman,⁹⁹ passed a concurrent resolution which found as a fact that the war emergency had been sufficiently relieved for the purposes of the act.¹ Thus we have an unchallenged precedent for the use of the concurrent resolution as the trigger in making a statute operative.

Another recent provision of this type appears in the Mutual Defense Assistance Act of 1949, which provides for the retention by the United States of material procured for foreign countries whenever such retention is called for by concurrent resolution by the two Houses of the Congress.² Also, the Federal Civil Defense Act of 1950 provides that the emergency provisions in title III of that act shall be operative only during the existence of a state of civil defense emergency which may be proclaimed by the President or by concurrent resolution of the Congress if the President in such proclamation, or the Congress in such resolution, finds that an attack upon the United States has occurred or is anticipated and that the national safety therefore requires an invocation of the provisions of this title.³

(5) Removal of executive officers by concurrent resolution: The Tennessee Valley Authority Act provides that members of the TVA board "may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives."⁴ The only precedent for the clause was a similar provision in the budget and accounting bill passed by Congress in 1920,⁵ which was vetoed by President Wilson on the ground that the removal provision was an unconstitutional infringement upon the President's power to remove officers appointed by him.⁶ As finally enacted a year later with the approval of President Harding, the Budget and Accounting Act of 1921 provided for removal of the same officers by joint resolution, which must be presented to the President.⁷

Because the TVA act's provision for removal of Federal officers by concurrent resolution is unique, and evokes issues as to the power of removal which are unrelated to the other concurrent resolution provisions, it is mentioned here only for the sake of completeness.⁸

C. Constitutionality of the use of concurrent resolutions

It is one purpose of this article to suggest that there are grave doubts as to the constitutionality of all of the recent statutory provisions described above for the use of congressional resolutions. As stated earlier, these doubts are not particularly engendered by any rigid classification of governmental

⁹⁹ H. Doc. No. 282, 79th Cong., 1st sess. 28 (1945).

¹ 59 Stat. 846 (1945).

² 63 Stat. 720 (1949), 22 U. S. C., sec. 1580 (Supp. 1952).

³ 64 Stat. 1251 (1951), 50 U. S. C. App., sec. 2291 (Supp. 1952).

⁴ 48 Stat. 60 (1933), 16 U. S. C., sec. 831c (1946).

⁵ H. R. 9783, 66th Cong., 2d sess. (1920).

⁶ 59 CONGRESSIONAL RECORD 8609 (1920).

⁷ 42 Stat. 24 (1921), 31 U. S. C., sec. 43 (1946).

⁸ It may be noted that in *Morgan v. TVA* (115 F. 2d 990 (6th Cir. 1940)), the court, in holding that the above-quoted provision in the TVA Act did not preclude removal of a board member by the President, stated that if removal by concurrent resolution were construed as the exclusive method of removal, "doubt exists as to its constitutional validity," citing *Springer v. Philippine Islands* (277 U. S. 189 (1928)), and *Myers v. United States* (272 U. S. 52 (1926)).

⁸¹ 55 Stat. 841 (1941, as amended, 50 U. S. C. App. sec. 601 (Supp. 1952); 56 Stat. 187 (1942), as amended, 50 U. S. C. App. sec. 633 (Supp. 1952). For the contention of Senator Murdock that this provision violated article I, section 7 of the Constitution, see 88 CONGRESSIONAL RECORD 780-784 (1942).

⁸² 56 Stat. 838 (1941), as amended, 50 U. S. C. App. sec. 901 (b) (1946).

⁸³ 62 Stat. 155 (1948), 22 U. S. C. sec. 1520 (Supp. 1952).

⁸⁴ 55 Stat. 626 (1941), 50 U. S. C. App. sec. 351 (1946).

⁸⁵ 87 CONGRESSIONAL RECORD 6504-6507 (1941).

⁸⁶ Hearings before House Committee on Banking and Currency on H. R. 5479, 77th Cong., 1st sess., 983-985 (1941).

⁸⁷ See e. g., sec. 307 of the Federal Civil Defense Act of 1950, 64 Stat. 1254, 50 U. S. C. App., sec. 2297 (Supp. 1952).

⁸⁸ Stat. 428 (1950), 50 U. S. C. App., sec. 191 (Supp. 1952).

⁸⁹ 64 Stat. 822 (1950), 50 U. S. C. App., sec. 2166 (Supp. 1952).

acts as legislative or executive. That many acts of Government may be performed with equal propriety by the legislative branch or the executive branch may be conceded. The objection is rather to the manner of the exercise of power. As one of the checks upon undue concentration of Governmental power in a single organ of Government, article I, section 7, makes Presidential approval, or veto subject to being overridden by two-thirds vote of each House, an essential element in the exercise of power by Congress. That the President cannot be excluded from the legislative process by the simple expedient of embodying policy decisions having the force of law in the form of "resolutions" not presented to him is made clear by the second paragraph of section 7, providing that "Every order, resolution, or vote" requiring the concurrence of Senate and House, except on a question of adjournment, must be presented to the President as in the case of bills—a provision added for the express purpose of preventing evasion of the President's veto.

Since the Constitution plainly requires Presidential participation in the exercise of legislative power, a power must be classified as nonlegislative to justify its exercise by Congress or one of its branches in a way other than that prescribed.⁹ But it is clear that the policy decisions and legal consequences of concurrent resolutions used in the ways that have been described—for example, the disapproval of a reorganization plan, the termination of the Attorney General's suspension of deportation of an alien, or the imposition of an arms embargo—are indistinguishable from the policy decisions and legal consequences of ordinary legislation. The absence of distinction is particularly evident where the statute provides for termination or repeal by concurrent resolution, since it can hardly be contended that the repeal of a statute is less of a legislative act than its original enactment. The validity of such provisions is further undermined by the specific refusal of the Constitutional Convention of 1787 to except repeal legislation from the requirement that proposed legislation be presented to the President.

This view also finds support in the interpretation given by Congress to article I, section 7 in all but the most recent years. In the first explicit congressional statement, in 1879, the Senate Committee on the Judiciary stated that concurrent resolutions which "contain matter which is properly to be regarded as legislative in its character and effect" must be submitted to the President, and that "the nature or substance of the resolution, and not its form, controls the question of its disposition."¹⁰ That this was the view adopted by Congress in practice is demonstrated strikingly by the passage of 150 years after the adoption of the Constitution before statutes began to provide for such uses of congressional resolu-

tions. And until the enactment of such statutory provisions became commonplace, their validity was challenged vigorously in both Senate and House, without regard for party lines, as well as by Attorney General Mitchell and President Roosevelt.

Finally, the scope of the potential application of such provisions is alone enough to suggest a serious question as to their constitutionality. If the modern uses of the concurrent resolution are valid, then Congress is free to provide, for example, that any proposed loan by a Federal lending agency may be vetoed by a concurrent resolution, or that the maximum or minimum price for a particular commodity may be prescribed by a concurrent resolution. Again, it would be theoretically possible for Congress to pass, perhaps over the President's veto, legislation providing that each section of the United States Code could be terminated or repealed by concurrent resolution. Not many such statutory provisions would be required to alter profoundly the distribution of power in the Federal Government.

The legal and practical arguments advanced by proponents of such statutory provision seem unpersuasive. Thus they contend that the operation of the statute merely depends upon occurrence of a condition precedent—the fact or event of Congress passing a resolution or a fact to be found by Congress. Specifically, they have urged that if the exercise of statutory powers can be made contingent upon findings of fact by an executive officer, as in the tariff cases,¹¹ or upon the favorable vote of the persons who will be affected by proposed governmental action, as under some of the agricultural marketing statutes,¹² it is "difficult to believe that the effectiveness of action legislative in character * * * may not be conditioned on a vote of the two legislative bodies of the Congress."¹³ The answer to such contentions would seem to be that it is one thing for a statute to provide that, after Congress and the President have both performed their legislative roles, the application of a statute may be further conditioned upon an executive officer's finding of fact or upon a favorable vote of interested persons, and it is another thing for Congress to reserve to itself, excluding the President, the power of further determining the application of a statute. It is a non sequitur to say that, since a statute can delegate a power to someone not bound by the procedure prescribed in the Constitution for Congress' exercise of the power, it can therefore delegate the power to Congress free of constitutional restrictions on the manner of its exercise. The result—and, indeed, the frankly stated purpose—of such provisions is to exclude the President from decisions of Congress which in their legal consequences are indistinguishable from statutes and which are seemingly the type of policy decisions which article I, section 7, requires to be submitted to the President. In brief, it is difficult to avoid the conclusion that the express purpose of the third paragraph of that section to insure that the President's role in the legislative process should not be eliminated merely by giving legislative decisions another name¹⁴ would be thwarted by statutes which reserve final governmental decisions for determination as events by Congress alone.

Another legal basis adduced for such statutory provisions is found in the informal suggestion of the Department of Justice, made in connection with the Reorganization

Act of 1949, that a provision for disapproval of reorganization plans by concurrent resolution could be justified as an agreement by the President not to act without consulting Congress or in the face of its disapproval. However, this theory of an agreement to consult would seem to prove both too little and too much. Certainly, the theory would not support provisions which were enacted over the President's veto if the action to be approved is not initiated by the President. On the other hand, this agreement theory goes too far in that it would justify making administrative action subject to disapproval by legislative committees—a highly dubious matter, as is pointed out below. In any event, it would seem that the President's role under the Constitution cannot be altered by agreement.

In the case of the Reorganization Act of 1949, which provided for disapproval by either House of reorganization plans proposed by the President, it is arguable that there is simply a reversal of the chronological order in which Congress and the President usually act in the legislative process. The President has indicated his approval by preparing the plan and each House has indicated its approval by failure to pass a resolution of disapproval. It is not clear, however, whether the power of each House to determine its own procedure¹⁵ can be viewed as including the power to provide that a bill will be deemed passed unless specifically disapproved within a certain period of time. There is at least a question under the Constitution whether the mere inaction of both Houses, which conceivably might reflect little or no deliberation, is an acceptable substitute for the deliberation which is ordinarily assured by the requirement of an affirmative vote. And even if the theory of legislative action by inaction is sound—or indeed, even if proposed executive action is made subject to prior affirmative approval by both Houses as in the latest provisions for approval of deportation suspension—it would seem that the proposal should nevertheless be presented to the President after approval by Congress as prescribed in the Constitution. If such a method for congressional control over reorganizations is to be justified by characterizing it as legislation, there seems no reason why the constitutional requirements for legislation should not be satisfied, even though the President's approval be a foregone conclusion.

The practical justifications seem equally unpersuasive. It has been suggested, notably by Professor Corwin, that in an era of international tension which impels Congress to delegate extraordinary powers to the executive branch, statutory provisions for termination by concurrent resolution are an essential means of preserving our constitutional equilibrium—namely, by giving Congress a compensating power to retract the delegated authority without the necessity of overcoming Presidential vetoes.¹⁶ Such a fundamental political consideration, if real, would probably carry great weight with the courts.¹⁷ However, as Madison foresaw, Congress seems to have been able to maintain effective control over its great delegations of power by the device of enacting statutes of short duration, thus providing Congress with regular opportunities to determine whether to renew or modify the grant. Another effective device is that of providing in appropriation acts that no funds shall be used for specified purposes. The adequacy of these techniques is suggested by the fact that Congress has not yet

⁹ However, it could then be argued that Members of Congress, in their capacities as such, may not perform nonlegislative functions. It is settled that article III judges may not perform nonjudicial functions in their capacities as judges. *Federal Radio Commission v. General Electric Co.* (281 U. S. 464 (1930)). Under the doctrine of *Springer v. Philippine Islands* (277 U. S. 189 (1928)), it would seem that Congress cannot confer executive powers upon itself or its Members, since article II, section 2, vests exclusive power to appoint Federal officers in the President with advice and consent of the Senate (or if Congress so prescribes, in the President alone, in the courts of law, or in the heads of departments). Moreover, article I, section 6, provides that no person holding any office under the United States Government may be a member of Congress during his continuance in office. See note 160, *infra*.

¹⁰ See pp. 573-574, *supra*.

¹¹ *Marshall Field & Co. v. Clark* (143 U. S. 649 (1892)); *J. W. Hampton, Jr. & Co. v. United States* (276 U. S. 394 (1928)).

¹² *Curran v. Wallace* (306 U. S. 1 (1939)); *United States v. Rock Royal Cooperative, Inc.* (307 U. S. 533 (1939)).

¹³ H. Rept. No. 120, 76th Cong., 1st sess. 6 (1939).

¹⁴ See pp. 572-573, *supra*.

¹⁵ See *Christoffel v. United States* (338 U. S. 84 (1948)).

¹⁶ See Corwin, *Total War and the Constitution* 45-47 (1947).

¹⁷ See *Myers v. United States* (272 U. S. 52, 134-35 (1926)).

found it necessary to pass a concurrent resolution purporting to terminate a statute or to terminate aid to a particular country.

The Federal courts have not yet had occasion to consider the validity of any of these statutory provisions for the use of congressional resolutions. However, the few State court decisions on similar State statutory provisions are either adverse or unpersuasive. Thus the Supreme Court of New Hampshire held invalid a State statute which, like the Federal Reorganization Acts of 1939 and 1945, provided for the submission by the governor to the legislature of reorganization plans which were to become effective if within 25 days "there has not been passed by the two houses a concurrent resolution stating in substance that the [legislature] does not favor the reorganization plan."¹⁸ It found a violation of the provision of the State constitution that "The supreme legislative power, within this State, shall be vested in the Senate and House of Representatives, each of which shall have a negative on the other,"¹⁹ in that "Each house has undertaken in advance to surrender to the other its constitutional authority to veto or refuse assent to action taken or approved by the other."²⁰ The dissenting judges regarded the provision as "merely one of the checks or restraints upon the exercise of the subordinate legislative power delegated to the Governor."²¹ The rationale of the New Hampshire court would seem equally applicable under the more customary constitutional requirement that both houses of a bicameral legislature must act concurrently, and the decision thus supports the view of the Senate Judiciary Committee in 1945 that neither House of Congress can be deprived of its power to prevent a legislative proposal from becoming law and that therefore each House must be enabled to prevent a reorganization plan from becoming effective.

In contrast, the Supreme Court of Colorado has recently upheld a statute under which the proceeds from certain taxes could be pledged as security for bonds to be issued to finance highway construction, with the proviso "that any such pledge shall first be approved by joint resolution of the Senate and House of Representatives."²² Article V, section 39, of the Colorado constitution differs from the third paragraph of article I, section 7, of the Federal Constitution only in that the exception from the requirement of submission to the Executive of concurrent action on questions of adjournment is followed by the words "or relating solely to the transaction of business of the two houses." The Colorado court upheld the statute on the theory that such a resolution, "not being legislative in character, related solely to the business of the general assembly." This theory seems hardly tenable and suggests that the legislature could, by enacting such statutes, classify almost any kind of governmental action as its exclusive concern.

The only judicial consideration of provisions for the termination of a statute by concurrent resolution is found in *Matter of Moran v. La Guardia*.²³ A New York statute authorizing New York City to reduce certain civil service salaries during the emergency proclaimed by the statute provided that the provisions should apply "until the legislature shall find their further operation unnecessary." The legislature passed a bill to repeal this statute which was vetoed by the Governor. Thereafter, the legislature sought

to achieve the same result by passing a resolution not submitted to the Governor. A majority of 4 of the 7 judges of the Court of Appeals apparently held that a statute could not provide for its termination by a concurrent resolution, stating that:

"A concurrent resolution of the legislature is not effective to modify or repeal a statutory enactment. * * * To repeal or modify a statute requires a legislative act of equal dignity and import. Nothing less than another statute will suffice. A concurrent resolution of the two houses is not a statute. * * * It resembles a statute neither in its mode of passage nor in its consequences. * * * But more important, its adoption is complete without the concurrent action of the Governor, or lacking this, passage by a two-thirds vote of each house of the legislature over his veto."²⁴

The court obscured the precise basis of its decision, however, by concluding further that the statute did not contemplate termination by a resolution not submitted to the governor. The dissenting judges, pointing out that the termination clause was entirely superfluous if construed to mean that termination could be effected only by a statute, argued that the statute both could and did provide for its termination by a resolution embodying a finding of fact by the legislature. While the veto provisions of the New York Constitution²⁵ are almost identical with the first paragraph of article I, section 7 of the Federal Constitution, they do not contain the further provision found in the third paragraph of the latter that every order, resolution, or vote requiring the concurrence of both Houses must be submitted to the President. Accordingly, it would be much easier under the Federal Constitution to conclude that a statute could not provide for its termination by concurrent resolution.

II. CONTROL BY CONGRESSIONAL COMMITTEES

In recent years Congress has made a number of experiments in vesting certain governmental powers in board or commissions composed at least in part of Members of Congress, and in subjecting specified types of executive or administrative action to the approval or disapproval of congressional committees. Like the modern uses of congressional resolutions discussed above, delegations of such powers to congressional committees did not appear for well over a century after the Constitution was adopted and when they did appear were met with immediate and continuous constitutional challenge.

A. Development of Federal practice

Perhaps the first provision of this sort was section 10 of the Legislative, Executive, and Judicial Appropriation Act of 1920, which provided that the Public Buildings Commission "shall have the absolute control of and the allotment of all space in" almost all Federal buildings in the District of Columbia.²⁶ The Commission consisted of 7 mem-

bers of whom 4 were Members of Congress—2 Senators appointed by the President of the Senate and 2 Representatives appointed by the Speaker of the House. On May 13, 1920, President Wilson vetoed an appropriation bill which provided broadly that the printing of magazines by executive agencies must have the prior approval of the Joint Congressional Committee on Printing,²⁷ on the ground that this provision vested executive functions in a congressional committee.²⁸ In the veto message he criticized on the same ground the vesting in the Public Buildings Commission of control over the allotment of space in Federal buildings. However, the Public Buildings Commission continued to exercise its functions until it was abolished by a reorganization plan in 1933.

In 1933 Congress passed a bill which would have prohibited certain income and other tax refunds in excess of \$20,000 without prior approval by the Joint Committee on Internal Revenue Taxation, which could also fix the amount of each refund.²⁹ In a long opinion, Attorney General Mitchell stated that the provision invalidly attempted to vest an executive function in a congressional committee.³⁰ Following his advice, President Hoover vetoed the bill as unconstitutional.³¹ An earlier provision, still in effect,³² had provided that no refund or credit in excess of \$75,000 should be made until 30 days after the submission of the proposed action, and the related facts to the Joint Committee on Internal Revenue Taxation, but had not given the committee a power of disapproval.³³

President Roosevelt took the same position as his predecessors when there was submitted to him a joint resolution providing for Federal participation in the New York World's Fair.³⁴ A commission composed of the two New York Senators, the chairmen and the ranking majority and minority members of the Senate Commerce Committee and of the House Foreign Affairs Committee, and the Secretaries of Agriculture, Commerce, and Labor, was to be empowered to appoint and define the duties of a commissioner and two assistants and to supervise the expenditure of funds. President Roosevelt, upon the advice of Attorney General Cummings, vetoed the joint resolution as "an unconstitutional invasion of the province of the Executive."³⁵ Later in the same session Congress passed and the President signed a resolution which differed from the vetoed one primarily in that the com-

1432. But see 59 Stat. 53 (1945), 22 U. S. C., sec. 299 (1946).

²⁷ H. R. 12610, 66th Cong., 2d sess., sec. 8 (1920).

²⁸ 59 CONGRESSIONAL RECORD 7026 (1920).

²⁹ H. R. 13975, 72d Cong., 2d sess. (1933).

³⁰ 37 Ops. Att'y Gen. 56 (1933).

³¹ 76 CONGRESSIONAL RECORD 2445 (1933).

³² Int. Rev. Code, § 3777. In 1949 the amount was raised to \$200,000.

³³ Such a provision is not without effect, however. It has probably led to an even closer administrative scrutiny of proposed refunds, and undoubtedly the views of the joint committee have on occasion influenced the amount of a refund. In recommending legislation of a similar character—namely, a requirement that the Treasury submit interpretative regulations to the joint committee prior to issuance—the Committee on Postwar Tax Policy pointed out that, while the Treasury would not be bound by the committee's suggestions any more than with respect to refunds, "It is not likely * * * that the Treasury would lightly disregard the criticisms and suggestions which the submission of the regulations would provoke." Committee on Postwar Tax Policy, A Tax Program for a Solvent America 224 (1945).

³⁴ H. J. Res. 304, 75th Cong., 1st sess. (1937).

³⁵ H. Doc. No. 252, 75th Cong., 1st sess. (1937).

¹⁸ Opinion of the Justices, 96 N. H. 517, 83 A.2d 738 (1950).

¹⁹ N. H. CONST. Part II, Art. 2.

²⁰ 96 N. H. at 522, 83 A.2d at 741-42.

²¹ 96 N. H. at 529, 83 A.2d at 745.

²² *Watrous v. Golden Chamber of Commerce* (121 Colo. 521, 218 P. 2d 498 (1950)).

²³ 270 N. Y. 450, 1 N. E. 2d 961 (1936).

²⁴ 270 N. Y. at 452, 1 N. E. 2d at 962.

²⁵ N. Y. CONST. art. IV, sec. 7.

²⁶ 40 Stat. 1270 (1919). Later, the acquisition by the Government of buildings and building sites in the District of Columbia was subjected to the approval of the same committee. 44 Stat. 634 (1926). In 1921, certain land acquisitions for American diplomatic use abroad were made subject to the approval of a committee composed of the chairmen and ranking minority members of the Senate and House Foreign Relations Committees and the Secretaries of State and Treasury. 41 Stat. 1214. The powers of the Foreign Service Buildings Commission were broadened in 1926, 44 Stat. 404, but a reorganization plan in 1939 limited the Commission to advisory functions, see 53 Stat.

misioner was to be appointed by the President.³⁶ The power to appoint lesser employees was left in the commission, however, apparently on the basis of an understanding—indicated by the Senate debate³⁷—that the President's objections would be satisfied by vesting the power to appoint the commissioner in him rather than in the commission.

The most recent Federal statutory provision for control by congressional committees relates to real-estate transactions of the Armed Forces. The act of March 26, 1943, provided that "the Secretary of the Navy shall report to the Senate and House Naval Affairs Committees all * * * prospective acquisitions" of land under the authority of the act.³⁸ As Representative Maas, in charge of the bill, explained, "It would take affirmative action on the part of the Congress if we wished to disapprove" any such acquisition.³⁹ The Navy, however, apparently understood the provision to have a purpose beyond that of simply providing information to Congress. A letter from Secretary Knox read during the House debate stated: "I understand further that the committee understands that the Department will come into agreement with the Naval Affairs Committees of the House and Senate with respect to acquisitions before final commitments are made. This procedure is acceptable to me."⁴⁰ Apparently this understanding was followed in practice, since no acquisitions were ever made over the objection of the committees.⁴¹

³⁶ 50 Stat. 493 (1937). The congressional representation on the commission was changed to three Representatives appointed by the Speaker and three Senators appointed by the Senate.

³⁷ See 81 CONGRESSIONAL RECORD 6785 (1937).

³⁸ 57 Stat. 52 (1943).

³⁹ 89 CONGRESSIONAL RECORD 1218 (1943).

⁴⁰ Id., at 1229.

⁴¹ Further evidence that requiring a discussion of proposed executive action with congressional committees may in practice give them a large role in administration may be found in President Roosevelt's reaction to a 1944 statute providing that certain contracts for development of naval petroleum reserves shall (not) be entered into without prior consultation in regard to all its details with the Naval Affairs Committees of the Congress. (58 Stat. 281 (1944), as amended, 34 U. S. C. sec. 524 (1946).) In signing the bill, the President asserted that it would vest Congress with what amounts to executive powers over the administration of the naval petroleum reserves. See New York Times, June 18, 1944, p. 30, col. 1. President Truman expressed a similar view with respect to a recent provision, enacted over his veto, that "The Secretary of State and the Attorney General shall without delay submit to the Joint Committee [on Immigration and Nationality Policy] all regulations, instructions, and all other information as requested by the committee relative to the administration of the act; and the Secretary of State and the Attorney General shall consult with the committee from time to time with respect to their activities under this act." 66 Stat. 274 (1952), 2 U. S. C. A. sec. 1106 (f) (Supp. 1952). In his veto message, the President stated that "This section * * * seems to imply that the committee would undertake to supervise or approve regulations. Such proposals are not consistent with the constitutional doctrine of the separation of powers." H. Doc. No. 520, 82d Cong., 2d sess. 7 (1952). In *Sibbach v. Wilson & Co.*, (312 U. S. 1, 15 (1941)), however, the Supreme Court took for granted the validity of a statutory requirement that the proposed Federal rules of civil procedure be presented to Congress before their effective date.

This interpretation of the 1943 statute was formalized and made applicable to all land acquisitions and disposals by the Navy in 1944, the statute providing that "the Secretary of the Navy shall come into agreement with the Naval Affairs Committees of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions or disposals."⁴² This has been interpreted in practice, as the words seem clearly to mean, as giving the committees a veto power over such transactions.⁴³

In 1951 the House and Senate unanimously passed a bill which would have required the Secretaries of the Navy, Army, and Air Force and the Federal Civil Defense Administrator to "come into agreement" with the Senate and House Committees on Armed Services with respect to land purchases, leases involving annual rentals in excess of \$15,000, and transfers to other governmental agencies of real estate under the jurisdiction of those officials.⁴⁴ In vetoing the bill President Truman emphasized the practical administrative difficulties rather than the Constitutional objections, but he also stated that "I am concerned by what appears to me to be a gradual trend on the part of the legislative branch to participate to an even greater extent in the actual execution and administration of the laws. Under our system of Government it is contemplated that the Congress will enact the laws and will leave their administration and execution to the executive branch."⁴⁵

The House debate on whether to override the veto was the first discussion on the floor of Congress as to whether a committee could be given power to disapprove land transactions initiated by executive officers. Representative Vinson justified it as an exercise by Congress of its power under article IV, section 3, of the Constitution "to dispose of and make all needful rules and regulations respecting the Territory or other property belonging to the United States."⁴⁶ Several Members challenged the validity of the bill.⁴⁷ In particular, Representative PATMAN urged that if the disapproval power to be vested in the committees was a legislative function, it could be performed only by the two Houses, and that if it was an executive function it could not be performed by a legislative committee.⁴⁸ The House overrode the President's veto,⁴⁹ but the Senate never acted on it. A few months later, however, the President approved without comment a bill, authorizing important military construction, to which was attached a provision for congressional committee control of Armed Forces real estate transactions similar to that which he had earlier vetoed except that it applied only to transactions in excess of \$25,000.⁵⁰

⁴² 58 Stat. 190 (1944). For an almost identical worded provision, proposed but not finally adopted, see H. J. Res. 307, 79th Cong., 2d sess. (1946).

⁴³ In 1951 Representative Vinson, Chairman of the House Committee on Naval Affairs and of the successor Committee on Armed Forces, stated that "We have rejected many [proposed transactions]." 97 CONGRESSIONAL RECORD 5437.

⁴⁴ H. R. 3096, 82d Cong., 1st sess. (1951).

⁴⁵ H. R. Doc. No. 133, 82d Cong., 1st sess. 3 (1951).

⁴⁶ 97 CONGRESSIONAL RECORD 5437 (1951). However, it is settled that the power of Congress to dispose of public property must be exercised in the same manner as its other legislative powers. See *United States v. California* (332 U. S. 19, 28 (1947)).

⁴⁷ See 97 CONGRESSIONAL RECORD 5437-43 (1951).

⁴⁸ Id. at 5443.

⁴⁹ Id. at 5445.

⁵⁰ 65 Stat. 365 (1951), 40 U. S. C., sec. 551 (Supp. 1952).

In 1952 Congress authorized secret or unspecified military construction in an amount exceeding \$1,200 million. The act provides that "the Secretary of the military department authorized to establish or develop such public work, or his designee, shall come into agreement with the Committee on Armed Services of the Senate and of the House of Representatives with respect to the cost of construction of such public work."⁵¹

A 1952 statute contains the first provision known to me for subjecting proposed administrative action to the prior approval of the chairman of a congressional committee. The Supplemental Appropriation Act, 1953, provides that a circular issued by the Director of the Budget prescribing the policy for determining rents for Government-owned living quarters furnished to Federal employees "may be amended or changed during [the current fiscal] year by the Director of the Budget with the approval of the chairman of the Committee on Appropriations of the House of Representatives."⁵²

B. Constitutionality of delegations to congressional committees

There is a good deal of authority for the proposition that statutory provisions subjecting proposed executive action to the veto or disapproval of congressional committees are invalid. The leading case is *Springer v. Philippine Islands*,⁵³ in which the Supreme Court, Justices Holmes and Brandeis dissenting, declared invalid certain acts of the Philippine legislature vesting the voting power of stock owned by the Government of the Philippines in a committee consisting of the Governor General, the President of the Senate, and the Speaker of the House of Representatives of the Philippine Islands. In its opinion the Court said:

"Thus the Organic Act [for the Philippine Islands], following the rule established by the American constitutions, both State and Federal, divides the government into three separate departments—the legislative, executive, and judicial. * * * And this separation and the consequent exclusive character of the powers conferred upon each of the three departments is basic and vital—not merely a matter of governmental mechanism. * * *

"Legislative power, as distinguished from executive power, is the authority to make laws, but not to enforce them or appoint the agents charged with the duty of such enforcement. The latter are executive functions. * * *

"Not having the power of appointment, unless expressly granted or incidental to its powers, the legislature cannot engraft executive duties upon a legislative office, since that would be to usurp the power of appointment by indirection; though the case might be different if the additional duties were devolved upon an appointee of the executive."⁵⁴

The decision in *Springer v. Philippine Islands* has never been qualified by the Supreme Court or by the lower Federal courts⁵⁵ and has been generally followed by the State courts dealing with similar questions.

In 1933 Attorney General Mitchell, in advising President Hoover to veto a bill sub-

⁵¹ Public Law No. 534, 82d Congress, 2d sess. sec. 407 (July 14, 1952). For another, though minor, example of committee control over executive action, see 63 Stat. 725 (1949), as amended, 43 U. S. C. sec. 504 (Supp. 1952).

⁵² Public Law 547, 82d Cong., 2d sess., sec. 1413 (July 15, 1952).

⁵³ 277 U. S. 189 (1928).

⁵⁴ Id., at 201-202.

⁵⁵ See, e. g., *St. Thomas and St. John v. Gordon* (78 F. Supp. 440 (D. V. I. 1948)), which relied on the Springer case in holding that members of a municipal council may not serve as members of a police commission.

jecting proposed income tax refunds to approval by a joint congressional committee, relied upon the rationale of the Springer case just quoted, and added: "The proviso in the * * * bill violates this constitutional principle. It attempts to entrust to members of the legislative branch, acting ex officio, executive functions in the execution of the law, and it attempts to give to a committee of the legislative branch power to approve or disapprove executive acts."⁵⁸ Four years later, in 1937, Attorney General Cummings relied largely upon the Springer case and Attorney General Mitchell's opinion in advising President Roosevelt that he considered unconstitutional the joint resolution providing for Federal participation in the New York World's Fair.⁵⁷

Unless the functions of the proposed commission brought it within the protecting analogy of such an historic exception as the Smithsonian Institution—the governing body of which includes the Chief Justice of the Supreme Court and three Members of each House of Congress—the proposed composition of the commission would seem clearly to have been improper under the Springer doctrine.⁵⁹

Vesting in a legislative committee the power to disapprove proposed tax refunds or real estate transactions seems indistinguishable in principle from giving to such a committee an outright power to make tax refunds or to acquire and dispose of land. In either case the committee is playing a substantial role in the case-by-case administration of a statute. Provisions of this sort would thus likewise seem clearly invalid under the Springer case as attempting to grant executive functions to legislative bodies or officers. Moreover, the experience of the States has indicated that if power to veto proposed administrative action can be vested in a congressional committee, then with equal logic such power may be vested in a Member of Congress. For example, real-estate transactions proposed by executive agencies could be subjected to the disapproval of the congressional delegation of the State in which particular land is located.⁵⁹

In recent years many devices of this sort have been attempted by various State legislatures. The State courts have, however, usually followed the doctrine of *Springer v. Philippine Islands* and denied their validity. In 1929 the New York Court of Appeals held that the drawing up of a schedule of positions and salaries to be paid out of a lump-sum appropriation was an executive function which could not be made subject to the approval of the chairmen of the finance committees of the legislature.⁶⁰ The Court of Appeals concluded that—

"This is a clear and conspicuous instance of an attempt by the legislature to confer administrative power upon two of its own members. It may not engraft executive duties upon a legislative office and thus usurp the executive power by indirection." (*Springer v. Philippine Islands* (277 U. S. 189).)

⁵⁸ 37 Ops. Atty. Gen. 56, 58 (1933), see pp. 576-577, supra.

⁵⁷ 39 Ops. Atty. Gen. 61 (1937), see p. 601, supra.

⁵⁹ In 1951 a bill was introduced in Congress to create a commission, consisting partly of Members of Congress, to formulate uniform rules of procedure for Federal administrative agencies (subject to disapproval by concurrent resolution of the Congress). S. 17, 82d Cong., 1st sess. (1951); see Sen. Rep. No. 413, 82d Cong., 1st sess. (1951). It presents the question whether the function of preparing such rules, otherwise than in the form of legislation, is one which may be performed by Members of Congress acting ex officio.

⁶⁰ See p. 608 infra.

⁶¹ *People v. Tremaine*, 252 N. Y. 27, 168 N. E. 817 (1929). For a similar provision, see 2 Mich. Stat. Ann. sec. 3.316 (I)-(5) (1952).

"Should the question arise whether the appointments under consideration are legislative or administrative, a dilemma presents itself, either side of which is fatal to the contention of the respondent. If they are legislative in character the appointment amounts to a delegation of the legislative power over appropriations. The Legislature cannot secure relief from its duties or responsibilities by a general delegation of legislative power to someone else. * * * If the power to approve the segregation of lump sum appropriations may be delegated to anyone, even to 1 or 2 members of the Legislature, it necessarily follows that the power to segregate such appropriations may also be conferred upon such delegates. The conclusion would then be inevitable that the Legislature could make lump sum appropriations and delegate the power to two of its members to segregate the same, not only within a department but among departments. * * * If, on the other hand, the power is administrative, it has no real relation to legislative power. The head of the department does not legislate when he segregates a lump sum appropriation. The legislation is complete when the appropriation is made."⁶¹

In the same case, the court of appeals held that a statute appropriating funds for the erection of public buildings could not vest the power to spend such funds in a commission of 4 whose 7 members were legislative officers acting ex officio.⁶²

Similarly, the highest court of Massachusetts has held that an appropriation act may not empower the chairman of legislative committees to make specific allocations for emergency purposes while the legislature is not in session.⁶³ The principle of separation of powers has been held to preclude the legislature from vesting in a committee of legislators the power to prosecute or defend litigation involving the rights of the State.⁶⁴ Also, the expenditure of construction funds cannot be placed under the control of the legislative delegation of the county in which the work is to be done.⁶⁵

⁶¹ 252 N. Y. at 43-44, 168 N. E. at 822. The Court of Appeals based its decision partly upon article III, sec. 7 of the New York Constitution then in force that "No member of the legislature shall receive any civil appointment within this State." The Court of appeals held that the designation of two members of the legislature to approve the segregation of lump sum appropriations amounted to such prohibited civil appointments. This line of reasoning suggests that such provisions in Federal statutes might infringe upon the provision of article I, sec. 6 of the Constitution that "no person holding any office under the United States, shall be a Member of either House during his continuance in office."

⁶² For a similar provision, see 2 Mich. Stat. Ann., sec. 3.560 (31)-(36) (Supp. 1952). A 1944 New York Statute empowers the Governor to make expenditures out of an emergency fund upon the certificate of any 4 of the 5 officers of the legislature (e. g., the speaker of the assembly) that they intend to recommend at the next session of the legislature that the fund be reimbursed for such expenditure. N. Y. State Finance Law, sec. 94. Query whether this formula avoids the rule of *People v. Tremaine* (252 N. Y. 27, 168 N. E. 817 (1929)).

⁶³ Opinion of the Justices, 302 Mass. 605, 19 N. E. 2d 807 (1939). Contra: Opinion of the Justices, 244 Ala. 386, 13 So. 2d 674 (1943).

⁶⁴ *Stockman v. Leddy* (55 Colo. 24, 129 Pac. 220 (1912)).

⁶⁵ *Bramlette v. Stringer* (186 S. C. 134, 195 S. E. 257 (1938)), overruling *Ruff v. Bouleware* (131 S. E. 29 (S. C. 1925)). But cf. *Craig v. O'Rear* (199 Ky. 553, 251 S. W. 828 (1923)). See also *Ashmore v. Greater Greenville Sewer Dist.* (211 S. C. 77, 44 S. E. 2d 88 (1947)), holding that a statute cannot

The arguments against the validity of statutory provisions vesting in legislative committees the power to approve or disapprove proposed actions of executive officers thus seem to be overwhelming. Not only *Springer v. Philippine Islands*, but most of the State decisions are opposed. Likewise, Presidents Wilson, Hoover, Roosevelt, and Truman have opposed, sometimes successfully, such statutes and proposals as encroachments upon the executive branch. Moreover, such provisions seem inconsistent with recent developments in the operation of the Federal Government. Solely by reason of the expansion in the volume of its business, Congress has found it necessary to empower executive officers and courts to dispose of large classes of matters which Congress itself formerly handled. A recent example is the Federal Tort Claims Act. The same pressures of business that prompt such delegations, however, would seem to mean that an attempt at the same time to retain congressional control by vesting busy committees with review powers must in practice result in such powers being exercised largely by either subcommittees or committee staffs. Moreover, it should be considered whether such provisions do not unduly diffuse the responsibility for the exercise of statutory powers between the administrators and the legislative committees.

III. STANDING TO CHALLENGE AND SEPARABILITY

Assuming that Congress may have occasion to delegate to the President powers so vast that unusual safeguards must be provided, then it is important that the devices employed, be valid and effective. If the devices of control or termination by congressional resolution or committee approval or disapproval are considered legally risky, it may be that other safeguards—such as statutes and appropriations of limited duration—should be employed. A second consideration is the probable effect upon the rest of the statute of a holding that such a provision is unconstitutional. Legislative draftsmen will of course consider these questions in the light of (a) whether anyone would have standing to challenge the validity of such a provision, and (b) the separability of the provision from the remainder of the statute. A few examples will illustrate the practical importance of these factors.

Suppose Congress fails to pass a concurrent resolution approving the Attorney General's suspension of the deportation of an alien, and thereupon the Attorney General proceeds to deport him. If the alien resists deportation upon the ground that Congress could not constitutionally subject the Attorney General's proposed action to such approval, he will be met with the doctrine that one claiming under a statute may not challenge its validity;⁶⁶ also, he may be told that the provision for approval by concurrent resolution is inseparable from the grant of initiating power to the Attorney General, in that that the latter would not have been enacted without the former.

Similarly, if a reorganization plan becomes effective by reason of the lack of congressional disapproval—under the 1939, 1945, or 1949 Reorganization Act—the courts may well say that the provisions for disap-

empower the local members of the legislature to manage a public auditorium in their districts. Apparently the Virginia courts did not have occasion to consider a 1944 statute, repealed in 1952, providing that rules of general applicability issued by named administrative agencies shall become effective only after approval by a committee composed of various members of the legislature. Va. Code sec. 54-2 (1950), repealed, Va. Acts 1952, c. 703.

⁶⁶ Cf. *Fahey v. Mallonee* (332 U. S. 245, 255 (1947)).

proval are of no concern to a private litigant since Congress could have empowered the President, as it did in 1932, to reorganize executive agencies by himself.⁶⁷ But suppose the President should attempt to put into effect a plan of reorganization which had been disapproved by an appropriate resolution, and that a person aggrieved by the exercise of the transferred powers challenges the authority of the official concerned to exercise those powers. The Government replies that the provision for congressional disapproval is invalid. It is generally said that the invalidity of part of a statute will not affect the remainder (1) if the valid provisions are capable of being given legal effect standing alone, and (2) if the legislature would have intended them to stand alone without the invalid provisions.⁶⁸ None of the Reorganization Acts contains a separability clause,⁶⁹ and the provisions for disapproval by congressional resolution seem such integral parts of the acts, both literally and in terms of their legislative history, that invalidity of such provisions would probably be held to destroy the entire reorganization scheme.

On the other hand, the courts would probably regard a provision for the termination or repeal of a statute by a concurrent resolution as separable from the remainder of the statute. It would be quite unrealistic to assume that without such a provision Congress would have refused to enact the statute at all. This would be particularly true in the case of a statute with a limited duration, such as the Defense Production Act, or one which is dependent upon future appropriations. As for standing to challenge, it is clear that if, for example, the President continued price controls after Congress had passed a concurrent resolution purporting to terminate the Defense Production Act, there would be many persons with standing to assert that such a resolution either had or had not terminated price controls.⁷⁰

Similarly, most of the statutory provisions for disapproval by congressional committees of proposed administrative action would probably be held to be separable—that is, if the disapproval provision were invalid the Executive would be free to exercise the powers granted as though no such restriction existed.⁷¹ A contrary legislative purpose might, of course, be inferred from the surrounding circumstances. Thus in the case of the 1951 statute making proposed real estate transactions of the Armed Forces subject to disapproval by the Armed Services Committees of Congress,⁷² such an inference might be based on the fact that the same statute had repealed an earlier provision generally forbidding real estate transfers by the Armed Forces except as authorized by subsequent legislation.

⁶⁷ Cf. *United States v. Rock Royal Co-Operative, Inc.* (307 U. S. 533, 577-578 (1939)).

⁶⁸ See generally, Stern, *Separability and Separability Clauses in the Supreme Court*, 51 Harv. L. Rev. 76 (1937); *Electric Bond & Share Co. v. SEC* (303 U. S. 419, 433-39 (1938)).

⁶⁹ The inclusion in a statute of the usual modern separability clause is said to create a presumption of separability. See Stern, *supra* note 167, at 119.

⁷⁰ Cf. *Matter of Moran v. La Guardia* (270 N. Y. 450, 1 N. E. 2d 961 (1936)).

⁷¹ In *People v. Tremaine* (252 N. Y. 27, 168 N. E. 817 (1929)), the New York Court of Appeals, after invalidating statutory provisions for legislative officers to participate in the allocation of lump-sum appropriations, concluded that the legislature would not have intended the appropriations to fail, and held that the appropriations remained in effect subject to allocation by the department heads.

⁷² 65 Stat. 365 (1951), 40 U. S. C., sec. 551 (Supp. 1952); see pp. 603-604, *supra*.

IV. CONCLUSION

The views set forth above as to the validity of statutory provisions for control of administration by congressional resolutions and committees are not based upon any rigid classification of governmental functions as executive or legislative. My purpose has been rather to emphasize that these devices can be employed to alter completely the traditional distribution of power between Congress and the executive branch. The constitutional separation of powers reflects a purpose to prevent undue concentration of governmental power in either Congress or the President. It is at least arguable that to the extent that the administration of statutes is vested in congressional committees, such an undue concentration of disapproval by congressional resolutions or committees, such an undue concentration of power in Congress is created. It may be suggested that Congress will be unwilling to delegate necessary powers to executive officers without subjecting the exercise of such powers to approval or disapproval by resolution or committee. Of all the statutes discussed above, however, the Reorganization Acts involved the only delegations of power which Congress was clearly unwilling to make without retaining a veto power in itself. And in any event, this consideration would seem to be without constitutional significance.

Mr. HAYDEN. Mr. President, I must compliment the members of the Senate Committee on Public Works upon the care and attention they have given to the bill now under consideration by the Senate, which authorizes the nationwide application of a lease-purchase procedure which was for the first time used in carrying into effect the terms of an act of Congress that was sponsored by me. That act was based upon a bill I introduced in the 82d Congress on January 29, 1951. In reporting the bill from the Committee on Expenditures in the Executive Departments on May 10, 1951, the senior Senator from Arkansas [Mr. McCLELLAN] stated:

The purpose of the bill is to authorize the Administrator of General Services to negotiate and enter into a lease-purchase agreement providing for the lease to the United States for a term of 5 years, the Young Men's Christian Association Building and premises in Phoenix, Ariz., as particularly described in the bill. Under the lease-purchase agreement title to the property would vest absolutely in the United States upon the expiration of the 5-year term.

As further justification, the committee report states:

The lease-purchase arrangements provided for by the bill would afford a flexible and convenient method of acquisition of the property, which could not be put into effect without the exception (provided for in sec. 1 of the bill) from the inhibition contained in section 322 of the so-called Economy Act of June 30, 1932 (47 Stat. 412, 40 U. S. C. 278z), as amended, upon payment of rental for buildings occupied for Government purposes in excess of the per annum rate of 15 percent of the fair market value of the rented premises at the date of the lease, nor permit the expenditure of appropriated funds for procurement of real property, unless specifically authorized by Congress.

The Committee on Expenditures in the Executive Departments then gave consideration to a wider application of the principle embodied in my bill, and on September 18, 1951, took favorable action on the bill, S. 2137, and stated in its report:

The purpose and intent of this bill is to authorize the Administrator of General Services to enter into lease-purchase agreements for a period of not less than 8 years nor more than 25 years, for acquisition of real property for permanent space requirements of Federal departments and agencies of the Government.

Under the provisions of the bill the Government would be authorized to apply funds appropriated for rent payments toward the liquidation of such lease-purchase contracts under the existing 15 percent per annum rent limitation based on the fair market value of the property at the time the agreement was entered into. The title would vest in the Government after the expiration of the designated lease period, with the rental paid, including interest, taxes, etc., constituting the total purchase price.

The measure would enable the Government to procure space through private construction at low interest rates, within appropriations to Federal agencies for payment of rent. General use of the lease-purchase agreement would, to the knowledge of the committee, be something new in Government operations. However, it is appropriate to note that authorization for application of the lease-purchase principle in a particular instance has been granted by the Congress in a very recent enactment; namely, Public Law 74 of the 82d Congress, approved July 11, 1951, and entitled "An act to authorize the lease and purchase by the United States of the Young Men's Christian Association Building and premises in Phoenix, Ariz."

In the present Congress an identical bill, S. 690, was favorably reported on June 2, 1953, by the senior Senator from South Dakota [Mr. MUNDT], for which the pending measure, H. R. 6342, has been substituted by the Committee on Public Works. The report submitted by the Senator from South Dakota again made reference to the lease-purchase arrangement in Phoenix, Ariz., as a precedent for such legislation. Therefore, Mr. President, I ask unanimous consent that Public Law 74 of the 82d Congress be printed at this point in the RECORD as a part of my remarks.

There being no objection, Public Law 74 was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Administrator of General Services, without regard to the provisions of section 322 of the act of June 30, 1932 (47 Stat. 412), as amended, is authorized to negotiate and enter into a lease-purchase agreement providing for the lease to the United States for a term of 5 years of the Young Men's Christian Association Building and premises in Phoenix, Ariz., being that certain real property located at the northeast corner of Second Avenue and Monroe Street, having an area of approximately thirty-one thousand square feet, and more particularly described as the south two hundred and twenty feet of the west one hundred and forty feet of block 93 of the city of Phoenix, Maricopa County, Ariz., as shown in book 2 of maps, page 51, together with all structures thereon and appurtenances thereto, and providing further for the vesting of the United States absolutely of title to the leased property upon expiration of the 5-year term.

SEC. 2. The agreement authorized by section 1 shall provide for the payment of rental and other consideration in such amounts and at such times and shall contain such other terms and conditions as the Administrator of General Services in his discretion shall deem to be in the best interest of the United States. The rentals and the purchase price to be paid by the United

States pursuant to this act shall not exceed \$290,000 in the aggregate.

SEC. 3. Payments that shall become due from the United States in pursuance of any agreement entered into under the authority of this act shall be paid from appropriations available to the General Services Administration for the payment of rents, and such additional funds as may be necessary to provide for such payments are hereby authorized to be appropriated.

Approved July 11, 1951.

INVESTIGATION OF THE FEDERAL HOUSING ADMINISTRATION

Mr. BYRD. Mr. President, I wish to make a short statement with respect to the investigation of the alleged irregularities in the Federal Housing Administration.

Let me say that for nearly a year such an investigation has been under way by the Joint Committee on Reduction of Nonessential Federal Expenditures. This investigation will in no way conflict with or interfere with any action taken by the Banking and Currency Committee. The Joint Committee on Reduction of Nonessential Federal Expenditure is not asking for jurisdiction of the investigation; but it desires and intends to complete its investigation and to report to Congress the results of the investigation the committee has been making, as I have said, since last spring.

Mr. President, at this point I should like to read the statutory authority of the Joint Committee on Reduction of Nonessential Federal Expenditures, as enacted by Congress in 1941:

Section 601, title VI, the Revenue Act of 1941 (55 Stat. 726), is as follows:

TITLE VI—NONESSENTIAL FEDERAL EXPENDITURES

SEC. 601. Nonessential Federal expenditures.

(a) There is hereby established a committee to investigate Federal expenditures (hereinafter referred to as the "committee"), to be composed of (1) 3 Members of the Senate Committee on Finance and 3 members of the Senate Committee on Appropriations, to be appointed by the President of the Senate; (2) 3 members of the House Committee on Ways and Means and 3 members of the House Committee on Appropriations, to be appointed by the Speaker of the House of Representatives; and (3) the Secretary of the Treasury and the Director of the Bureau of the Budget. A vacancy in the committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as the original selection. A majority of the committee shall constitute a quorum, and the powers conferred upon them by this section may be exercised by a majority vote.

(b) It shall be the duty of the committee to make a full and complete study and investigation of all expenditures of the Federal Government with a view to recommending the elimination or reduction of all such expenditures deemed by the committee to be nonessential. The committee shall report to the President and to the Congress the results of its study, together with its recommendations, at the earliest practicable date.

(c) The committee or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to employ such experts and clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books,

papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena, or to testify when summoned under the authority of this section.

(d) The committee is authorized to utilize the services, information, facilities, and personnel of the departments and agencies of the Government.

Mr. President, the Senate members of the joint committee are: The Senator from New Hampshire [Mr. BRIDGES], the Senator from Nebraska [Mr. BUTLER], the Senator from Michigan [Mr. FERGUSON], the Senator from Georgia [Mr. GEORGE], and the Senator from Nevada [Mr. MCCARRAN], and myself as chairman.

The Members from the House of Representatives are DANIEL A. REED, JOHN TABER, RICHARD B. WIGGLESWORTH, ROBERT W. KEAN, CLARENCE CANNON, and JERE COOPER.

The other members are the Secretary of the Treasury, George M. Humphrey; and the Director of the Bureau of the Budget, Rowland R. Hughes.

Mr. President, in this case the joint committee proposes, as I have said, to continue the investigation we have had under way for nearly a year, and to report to the Congress and to the President, as we are required to do by law, on the question of the activities of the Federal Housing Administration.

Mr. President, not only is there extravagance in connection with this agency, but already it is very evident that there have been gross mismanagement and most serious fiscal irresponsibility, if not actual fraud and graft. The latter I do not change at this time, pending completion of the investigation. But it has been shown that in quite a number of instances, loans have been guaranteed far in excess of the cost of the project for which the loans were made. If that is not potential non-essential spending, I do not know what it is. In fact, it goes beyond that, because if it develops that such action was deliberate on the part of any official of the Government, it may involve the question of criminal prosecution.

I wish to emphasize that the report of the joint committee—contrary to the expression made by the distinguished chairman of the Banking and Currency Committee—will conflict in no way with the investigation the Banking and Currency Committee proposes to make. In this vast and intricate field of Federal housing loan programs there is ample room for all the Members of Congress to devote their closest study.

The information obtained by the joint committee, of which I have the honor to be chairman, will be given to the Banking and Currency Committee. No effort whatever will be made to supplant that committee. We are simply performing a duty resting upon us by virtue of a mandate of the Congress under the law directing us to make these investigations.

Mr. President, in the nearly 13 years I have had the honor to be chairman

of the committee—during both Republican administrations and Democratic administrations—this is the first time I have had difficulty in obtaining the facts from the executive agencies in the normal way. In our committee it is our practice to seek facts by personal consultation and through reports. I have been unable to obtain the adequate information from FHA, although since last July I have endeavored to obtain it. For that reason it is now necessary to hold hearings and place some of these officials under oath in order to obtain information necessary to enable the committee to make its report.

If I may be pardoned for saying so, Mr. President, in the past 13 years this committee has made scores of reports to Congress, and not one factual statement contained in them has ever been challenged as to accuracy. I join with the other members of the committee in expressing some gratification over this record.

It is our policy never to make a report without documenting and by substantiating it in every possible way. Therefore, we shall conduct open hearings and shall put witnesses under oath, so as to obtain the facts which have been denied to us up to this time.

The present investigation began, as I have said, last spring. It is a most complex one, involving billions of dollars. The total guaranty of the Federal Government in the housing field is more than \$16 billion; and under section 608 it is approximately \$4 billion.

Furthermore, Mr. President, I wish to say that the committee has received from Congress, as an appropriation, only \$20,000 a year; that it the most we have ever received. We are not asking a single dollar additional by reason of the making of this investigation, which we shall continue, and we shall submit our report to Congress.

Mr. President, in February, I conferred with Mr. Clyde L. Powell, the Assistant Commissioner for Rental Housing of the Federal Housing Administration, and had long interviews with him in an effort to secure the information I desired. Mr. Powell has just resigned. Mr. Powell told me in those interviews that the appraisements upon which the loans were made had nothing to do with the cost; that is to say, he made no effort—and neither did the Federal Housing Administration—to ascertain the cost of the projects upon which appraisals were made, and upon which loans greatly in excess of the actual cost of the project were later guaranteed by the Government.

In addition, I wrote to Mr. Albert Cole, on March 24, a letter to which I shall refer later. I received an acknowledgment from Mr. Cole on April 1 stating that the information would be sent to me promptly, but so far it has not been received. Previously, as far back as last July, I had taken up certain other matters with Mr. Cole and the information furnished was unsatisfactory.

So hearings are scheduled for next Tuesday. They will be conducted by a subcommittee of the Joint Committee on Reduction of Nonessential Federal Ex-

proprations for continuing the construction of highways, and for other purposes, the Clerk of the House is authorized and directed to make the following correction: In section 13 of the bill strike out "The Commissioner of Public Roads" and insert in lieu thereof "The Secretary of Commerce."

Mr. MARTIN. Mr. President, I ask unanimous consent for the present consideration of the concurrent resolution.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania?

There being no objection, the concurrent resolution (H. Con. Res. 225) was considered, and agreed to.

Mr. MARTIN. Mr. President, at this time I wish publicly to express my great appreciation to the members of the Committee on Public Works for the time and work they devoted to perfecting the road bill, so that it could be brought before the Senate and promptly passed.

It contains the largest authorization for roads in the history of the United States. Some people have thought it peculiar that I should favor a large appropriation, of this kind, because I have always advocated economy in Government and balanced budgets. The people of the United States, however, have been spending almost \$3½ billion a year for roads, and the Federal Government has not been contributing even the amount it has been collecting from gasoline taxes or from taxes on the sale of automobiles and from similar sources.

I again wish to express my appreciation to the members of the committee. They attended the sessions without any hesitancy at all, and sat for many long hours. I believe we have brought forth a bill which should be of great benefit to the people of the United States.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 146) to authorize the designation of October 16, 1954, as National Olympic Day, and it was signed by the Acting President pro tempore.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. What is the pending business before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment to H. R. 6342.

Mr. WILLIAMS obtained the floor.

Mr. McCLELLAN. Mr. President, will the Senator from Delaware yield for a question?

Mr. WILLIAMS. I yield.

Mr. McCLELLAN. About how long does the Senator expect to speak?

Mr. WILLIAMS. I think my statement will not take more than 10 or 15 minutes.

Mr. McCLELLAN. I am trying to determine a little matter of time, if the Senator will yield, because I should like to announce that when we get back to the subject of the pending bill I have an amendment at the desk which I wish to call up.

The PRESIDING OFFICER. The Chair advises the Senator from Arkansas that the bill is now under consideration.

OPERATIONS OF THE HOUSING ACTIVITIES OF THE FEDERAL HOUSING ADMINISTRATION AND THE VETERANS' ADMINISTRATION

Mr. WILLIAMS. Mr. President, earlier this afternoon the Senator from Virginia [Mr. BYRD] discussed certain phases of the operations of the Federal Housing Authority. I wish to make a brief comment only as to that section of the bill relating to loans which are made, being section 608.

There are indictments pending on the case to which I refer and, therefore, it would not be advisable to name the case. I do wish to point out certain factors which I think should be rather enlightening, because the particular individual involved obtained approximately \$7 million under title 608 of the Housing Act. I wish to outline certain correspondence which passed at that time.

A Member of the Senate invited the attention of the Housing Authority in 1950 to the fact that perhaps there had been excessive profits made. This letter was not addressed to me. I shall read one paragraph from it in acknowledgement of the report that these excessive profits were called to the attention of the then Housing Administrator but which paragraph indicates a complete lack of interest on the part of the Administration.

The letter is dated August 10, 1950, and I read this paragraph from it:

Please be advised that it is not the customary practice of this administration to search the court records to determine the original cost of lots purchased, as our commitments for insurance were based on the value arrived at by an appraiser on the staff of the insuring office.

That letter was signed by the Commissioner Franklin D. Richards and it clearly indicated that the Department was not interested at that time in examining any of the so-called excessive profits. This letter was in answer to the allegation that the particular contractor had bought two lots for \$15,000. Three or 4 days later he deeded those two lots to two different corporations which were

obtaining an FHA guaranteed loan. They were appraised at \$50,000 each yet Mr. Richards was not interested.

Mr. President, I wish also to invite attention which shows conspiracy behind it and how this same group were going to cash in on these irregular if not illegal earnings, by reporting them for income-tax purposes as capital gains.

I quote from a letter signed by the Collector of Internal Revenue in the area involved in which he ruled upon this case:

This will acknowledge receipt of your request of October 12 to be advised with respect to your proposed purchase of a vacant lot and several days later creating a corporation and deeding the lot to the corporation at a stated value of \$50,000. You request to be advised if you will be taxable on the apparent short-term gain of \$40,000. You are advised that this transaction will not be subject to the tax, provided you are the sole or principal stockholder of the corporation, namely, that you own as much as 80 percent of its value.

However, for future gain or loss on the sale of this stock your basis will be \$10,000 of the original cost.

Clearly, Mr. President, this was an advance ruling on a hypothetical case, extending to the individual involved the right to charge off as capital gains these highly irregular profits. Names are omitted because this case is now in court.

Mr. MAYBANK. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. MAYBANK. Will the Senator be good enough to tell us who made that ruling?

Mr. WILLIAMS. I should not like to do that. I will say to the Senator—

Mr. MAYBANK. I wanted the information for the RECORD. A person who would attempt to charge off as capital gains millions and millions of dollars of profit would be as guilty as anyone could be. The Senator from Delaware knows that was not the intention of the law.

Mr. WILLIAMS. I agree with the Senator. This letter has been referred to the Department of Justice. It is also being referred to both the Byrd committee and the Banking and Currency Committee.

My reason for not identifying the person who signed the letter is that it would identify the area and, perhaps, the case. As I previously stated, there are indictments pending in the courts in this case, and I do not want to jeopardize any action by the courts. The Senator from South Carolina is welcome to read the letter.

Mr. DOUGLAS. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. DOUGLAS. As I understand, the Senator from Delaware is speaking with reference to abuses under section 608 of the act?

Mr. WILLIAMS. That is correct.

Mr. DOUGLAS. The Senator will remember that I spoke on that subject and was successful in getting amendments agreed to in 1951 which checked some of the abuses.

I should like to ask the Senator this question: Was Commissioner Hollyday dismissed because of abuses which occurred under section 608, or was he dismissed in connection with abuses occurring under title I?

Mr. WILLIAMS. I suggest that the Senator address that question to the President of the United States. Personally I think the President should be commended for his prompt action. I am discussing the situation as it relates to what I consider to be highly irregular transactions in the FHA. They have been referred not only to the executive branch but to the appropriate committees of Congress, and I do not want to get involved with the question of which administration is responsible. I think what we should do is to let the record speak for itself.

Mr. DOUGLAS. Mr. President, will the Senator from Delaware further yield?

Mr. WILLIAMS. I yield.

Mr. DOUGLAS. Is it not true that there have been many recent cases of abuses in connection with FHA loans? In February I invited the attention of Mr. Hollyday to 90 cases of abuses in Illinois. We do not want to cover up—and I am sure the Senator from Delaware is not doing that—the current abuses by going back to section 608.

Mr. WILLIAMS. I do not believe the Senator means to prejudice my statement, but if he will allow me to finish it, the next question which I shall take up is one which is current. I do not think we want to exclude any of the information. I am making a report which had been prepared for delivery before the recent announcement this week. I think when this case has been explored thoroughly, the American people will be able to judge who is responsible, regardless of where the chips may fall.

I am not pointing out this case merely on the basis that it happened prior to this administration. The next one I shall take up is one having reference to correspondence in 1953; and I think I have some in 1954.

Mr. DOUGLAS. It is important that we take these matters up as we go along. The Senator will remember that I fought as strenuously as did anyone on the floor to remove abuses under section 608, but I do not want to have the impression go out that section 608 abuses are the only ones under FHA, and I do not want the impression to go out that there have not been abuses under title I.

Mr. President, will the Senator further yield?

Mr. WILLIAMS. No; I may say to the Senator from Illinois that if he will stay and listen, I shall talk about abuses under other sections of the law, but I cannot do it by yielding.

Mr. MAYBANK. Mr. President, will the Senator from Delaware yield for a brief statement?

Mr. WILLIAMS. I yield.

Mr. MAYBANK. I merely wish to say that I attended a meeting of the Committee on Banking and Currency this morning. The Senator from Delaware is familiar with the fact that I know something of what has happened. I wish to speak in justice to the chairman of the

committee, the distinguished Senator from Indiana [Mr. CAPEHART], who is not now present. We all know of what he, the Senator from Delaware [Mr. WILLIAMS], and the Senator from Virginia [Mr. BYRD] have done. We know of their cooperation.

I am hopeful, as the Senator from Delaware has indicated he is, that appropriate action will be taken, let the chips fall where they may. I am certain that that is what the Senator from Delaware, the Senator from Virginia, the Senator from Indiana, and all of the members of the Committee on Banking and Currency wish to do.

Mr. WILLIAMS. All of these particulars, in their completeness, will be referred to the committee of which the Senator from South Carolina and the Senator from Illinois are members. I am certain the matters will be fully explored, without any regard as to when they might have happened, and that, in the end result, we shall be able to determine who is responsible.

To return briefly to the outline of this particular case, as I said before it involved 7 different loans by 1 contractor, aggregating approximately \$7 million. As of today, 4 of the loans are under foreclosure; 3 of them are current in their payments.

It is interesting to note that one of them was foreclosed on the date when the contractor received his seventh loan. I suppose he was handed the notice at the same time.

As I have said earlier, there is no indication anywhere, that the department was in the least bit interested when the situation was called to their attention on repeated occasions during the last 3 years.

I might say that I have correspondence calling this particular case to the attention of the previous administration, as well as to the present administration; however, under the present administration there are indictments.

I think it might be well to point out that the recipient of these seven loans boasted of the fact that he contributed, only a few weeks prior to the first loan, \$25,000 to the Democratic campaign in 1948. I think that fact should be made a matter of record, because the fellow was so proud of it and boasted about it throughout the campaign.

I now wish to speak briefly about another phase of the situation, namely, the loans made to the individual homeowners.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MORSE. Does the Senator from Delaware know whether or not the same individual also contributed to the Republican campaign fund, since that is usually what persons of that type do?

Mr. WILLIAMS. I am speaking only from the record. If anyone has additional information I will be glad to have it included. He referred only to the one contribution to the Truman campaign of 1948.

I now wish to refer to loans made to individual owners under the FHA and the Veterans' Administration, as well, be-

cause it is hard to separate the loans simply by speaking of one kind or the other. In many instances the same home buyer obtained a VA loan and an FHA loan jointly. I ran into that situation so many times that in speaking of it I shall speak about both.

I shall first direct my remarks to the situation in connection with the Veterans' Administration, because it seems that so many of the complaints go back to the high appraisals which are given to the homes after they are constructed. I was advised under date of December 11, 1953, that the policy of the Veterans' Administration was as follows:

I am pleased to enclose a copy of the Veterans' Administration Technical Bulletin 4A-111, entitled "Control of Fees and Assignments to Designated Appraisers and Compliance Inspectors." This will supply you with much of the information sought in your letter of December 2, 1953.

You will note from this enclosure that there are restrictions as to the amount fee appraisers and inspectors can receive from the Veterans' Administration assignments. The ceiling on the aggregate fees permitted is \$1,000 per month and is applicable to all offices of the Veterans' Administration.

Continuing, they said:

Nothing prohibits a qualified individual from serving as both appraiser and inspector. His combined fees would apply toward the maximum established ceiling. Combined fees for both activities may not exceed \$1,000 per month.

I might say, in explanation, that the fees are based upon \$5 per inspection. As the inspectors go around and inspect various homes, they charge \$5 for each inspection, which is passed on to and is paid by the home buyer. So in each instance, the fee is paid by the veteran himself.

After receiving that letter, I called to the attention of the Veterans' Administration the fact that there were persons serving in inspection and appraisal capacities who were at that time making as much as \$2,500 a month under the ruling.

I shall outline one case. It is the most glaring case, but it is not the only case I could cite, in which an inspector's earnings exceeded \$1,000 a month. Lest an attempt be made to explain it by saying that the persons were working on an average basis, that in some months the payments were high, and that in the next month they were below, I wish to point out that I have figures covering the earnings of one individual, which show the following:

During a 2-year period, this individual exceeded his monthly limitation 13 times, the range of his earnings being as follows:

December 1951, \$2,491.60; June 1952, \$1,472; July 1952, \$1,192; August 1952, \$1,777.30; September 1952, \$1,290.15; October 1952, \$1,279.65; November 1952, \$1,130; February 1953, \$1,119.20; November 1953, \$1,234.50; May 1953, \$1,133.85; August 1953, \$1,187.50; September 1953, \$1,214.60; October 1953, \$1,540.

That particular individual is working at the Veterans' Administration in Wilmington, Del. I thought I might as well cite an instance in my home State. But

man to leave private industry and serve the Government, for we need such men; and we do not wish to make it impossible for them thereafter to leave the Government service and return to private employment, even with the same company with which they were originally identified.

This matter can be worked out in a proper way; we can establish rules under which the individuals affected, as well as the Government and the United States taxpayers, can be protected.

DISPOSAL OF GOVERNMENT-OWNED SURPLUS AGRICULTURAL COMMODITIES

Mr. DOUGLAS. Mr. President, I ask unanimous consent to introduce, for appropriate reference, a bill to provide for the disposal of Government-owned surplus agricultural commodities in an efficient and humane manner, without disrupting normal markets. I also request that the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the bill will be received, and appropriately referred, and will be printed in the RECORD.

The bill (S. 3308) to provide for the disposal of Government-owned surplus agricultural commodities, introduced by Mr. DOUGLAS, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Surplus Agricultural Commodity Disposal Act."

DECLARATION OF PURPOSE

SEC. 2. It is the purpose of this act to provide for the orderly disposition of the stocks of surplus agricultural commodities acquired by the Government through price-support operations and other programs, without adversely affecting the market prices of such commodities, through programs designed to provide for (1) the disposition of such commodities in friendly foreign countries by sale, barter, or exchange for strategic materials, (2) the disposition of such commodities through private international relief agencies or other voluntary agencies by grant to needy individuals throughout the world, and (3) the disposition of such commodities through State and local welfare agencies by grant to the unemployed, recipients of benefits pursuant to public assistance programs under the Social Security Act, disabled veterans, and the patients or inmates of penal institutions and public and private nonprofit hospitals, orphanages, nursing homes, and eleemosynary institutions, for the purpose of supplementing the existing diets of such persons.

TITLE I—DISPOSAL BY SALE, BARTER, OR EXCHANGE IN FOREIGN COUNTRIES

SEC. 101. The President is authorized, in accordance with such rules and regulations as he shall prescribe, to provide for the disposition of Government-owned agricultural commodities, by sale, barter, or exchange for strategic raw materials, in friendly foreign countries.

SEC. 102. The President is authorized, in carrying out the provisions of this title, to provide for the processing, packaging, preparation for shipment, and shipment of commodities to be disposed of under such provisions.

SEC. 103. Commodities disposed of under this title shall be disposed of at such prices

and upon such terms and conditions as the President shall determine, having in mind the desirability of obtaining a fair and reasonable return for such commodities and the value of the domestic economy of disposing of such commodities on foreign markets. Such disposition shall be made at such times, places, and manner as to avoid wherever possible undue disruptions of normal trade.

SEC. 104. The value of agricultural commodities disposed of under this title shall not exceed an aggregate of \$1 billion.

TITLE II—DISPOSAL FOR RELIEF PURPOSES IN FOREIGN COUNTRIES

SEC. 201. The President is authorized, in accordance with such rules and regulations as he shall prescribe, to provide for the transfer of Government-owned agricultural commodities to foreign countries for the purpose of relieving distress due to famine and otherwise meeting relief requirements in such countries.

SEC. 202. The disposal of commodities under this title shall be carried out through such international relief agencies or other voluntary agencies as the President shall designate. Except as provided in section 203, the transfer of such commodities shall be without cost to the recipient countries.

SEC. 203. The President is authorized, in carrying out the provisions of this title, to provide for the processing, packaging, preparation for shipment, and shipment of commodities to be disposed of under such provisions, except that none of the costs of transportation or distribution, within any foreign country, shall be borne by the United States.

SEC. 204. The President is authorized to provide by regulation that the containers of commodities disposed of under this title shall be marked in such manner as will disclose to the recipients that such commodities are furnished by the United States as evidence of the good will and friendship of the people of the United States toward the people of the recipient countries, and wherever desirable that such commodities shall be accompanied by an appropriate freedom message or other suitable token of international friendship.

SEC. 205. The value of agricultural commodities disposed of under this title shall not exceed an aggregate of \$1 billion.

TITLE III—DISPOSAL FOR RELIEF PURPOSES WITHIN THE UNITED STATES

SEC. 301. The President is authorized, in accordance with such rules and regulations as he shall prescribe, to provide for the transfer of Government-owned agricultural commodities to the States for distribution among (1) the unemployed, (2) recipients of benefits under titles I, IV, X, and XIV of the Social Security Act, (3) disabled veterans, and (4) patients and inmates of penal institutions, and of public and nonprofit private orphanages, hospitals, nursing homes, and other eleemosynary institutions, for the purpose of supplementing the existing diets of such persons. Except as provided in section 303, the transfer of such commodities shall be without cost to the States or their respective agencies.

SEC. 302. In order to carry out the provisions of this title, the President or persons designated by him are authorized to enter into agreements with the various State welfare agencies under which such State agencies shall agree—

(1) to determine the persons eligible to receive surplus agricultural commodities under this title;

(2) to distribute such commodities, either directly or through private or local public welfare agencies, among the persons determined to be eligible therefor;

(3) to make such determination and distribution without discrimination on account of race, color, religious creed, or geographical location;

(4) in such determination and distribution to conform to such rules and regulations as may be prescribed by the President; and

(5) to keep such records and make such reports concerning the distribution of agricultural commodities under this title as the President by regulation may require.

SEC. 303. The President is authorized in carrying out the provisions of this title to provide for the processing, packaging, preparation for shipment, and shipment of commodities to be disposed of under such provisions. The costs of such shipment shall not exceed the costs of transportation of such commodities from the place of storage or processing to a central delivery point in the area in which they are to be distributed, and no further transportation or other costs of local distribution shall be borne by the Federal Government.

SEC. 304. The value of agricultural commodities disposed of under this title shall not exceed an aggregate of \$2 billion.

TITLE IV—GENERAL PROVISIONS

SEC. 401. As used in this act—

(1) The term "State" includes the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

(2) The term "Government-owned agricultural commodities" means agricultural commodities acquired by the Commodity Credit Corporation through price support operations, and agricultural commodities acquired through the use of funds made available under section 32 of the act of August 24, 1935 (Public Law 320, 74th Cong.).

SEC. 402. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

(b) There shall be transferred to the Commodity Credit Corporation, from the sums appropriated under subsection (a), such amounts as may be necessary to reimburse the Corporation for the value of commodities made available by the Corporation for the purposes of this act and for expenses incurred by the Corporation in making such commodities available.

SEC. 403. The President shall transmit to the Congress semiannual reports concerning the administration of this act. Each such report shall contain a statement of (1) the agreements entered into for the purpose of carrying out this act, (2) the amounts of surplus commodities disposed of under each of the programs provided by this act, (3) the expenditures made in carrying out such programs, and (4) such recommendations as he may deem desirable to bring about the improvement of such programs.

SEC. 404. The President is authorized to perform the powers and duties conferred upon him by this act through such agency or agencies of the Government as he may deem desirable.

Mr. DOUGLAS. Mr. President, at the present time approximately \$6,225,000,000 of farm surpluses are either owned by the Federal Government or are under loans made by the Federal Government. The commodities in which these surpluses exist are primarily wheat, corn, and a number of other cereals, cotton, and dairy products.

By the bill I have introduced I am proposing that there be three separate programs of disposal, under the direction of the President or such agents as he may designate. The first purpose, to which approximately \$1 billion of farm surpluses would be devoted, would be the exchange of such farm surpluses for strategic metals and minerals with respect to which this country is in short supply, and which would be needed in the event of a national emergency or

war. The United States is completely dependent on Malaya for natural rubber; and, while we have developed synthetic rubber to a high degree of efficiency, and it is possible to use artificial rubber now for innertubes and tires upon heavy vehicles, it is not at all certain that the need for natural rubber has been removed.

We are dependent on Bolivia and Malaya for our entire supply of tin. We are dependent upon India and other countries for manganese. We are dependent on other nations for cobalt, which may become extremely important, and for magnesium. We are dependent on the Belgian Congo for uranium.

These are areas of the world in which there is a great deal of hunger. Would it not be wise for us to exchange food surpluses for additional quantities of the strategic minerals and materials which we would then accumulate and stockpile for a possible national emergency?

Second, title III of my bill provides for supplementing and increasing the diet of the needy in this country, and would appropriate \$2 billion of the surplus foods for this purpose. This program would include those on relief, the unemployed, aged pensioners, disabled veterans, children in orphanages, sick people in hospitals, old people in nursing homes, and so forth.

The third purpose, to which \$1 billion of the surplus would be devoted, is to provide food which would be distributed to some of the needy abroad through such reputable private organizations as CARE and religious groups. The bill would authorize the President or his agents to issue regulations for carrying out the programs, and it would provide authorization for appropriations to pay the necessary freight, processing, and other costs.

I emphasize the fact that in order to make these programs effective we must provide funds for freight and processing. It is on this point that the President's proposal for the distribution of surpluses to the needy within this country has broken down. Organizations which might receive or distribute the food have not possessed the funds with which to pay for the transportation of the food resources or to pay for their processing. Wheat must be processed and distributed before it can be fed or given to those on relief or in need. It is on this crucial point that the present program is defective. My bill provides for the bearing of such costs by the Federal Government.

I think this program is highly necessary, both in meeting the needs of national defense and in helping to feed the hungry at home and abroad, as well as a means of aiding the farmers. The threat of the overhanging farm surplus is used as an argument against adequate price supports for agriculture. It seems to me a contradiction in terms for us to say that we have a surplus in food, when we realize how many hungry people there are in this Nation, when we realize that two-thirds of the world is hungry, and when we realize that we lack the strategic materials requisite to carry on a war or to deal with a national emergency.

Dr. Arthur S. Flemming, the distinguished and able head of the Defense Mobilization Board, a citizen of the same State as that of the present presiding officer [Mr. BRICKER], has said that, with respect to most of the critical materials required for national defense, we have not a surplus, but a shortage, and that our stockpiling program is defective.

What I am proposing is that we exchange \$1 billion worth of surplus food and fiber for extra raw materials and minerals needed for national defense, and that we stockpile such additional materials, not by way of displacing any present purchases, but as a supplement to present purchases. The same provision would apply to food distributed inside this country. It is not proposed to take the place of existing diets, but to supplement existing diets, to make up for dietary deficiencies, and to provide more dairy products, for example, in the form of butter, cheese, and milk powder for those who now lack such vital dairy substances.

The program would improve the national defense, and by helping to reduce farm surpluses would remove one of the worries connected with the farm price support program. Even if this program were carried out, we certainly would have some farm surpluses, perhaps amounting to 4 or 5 billion dollars' worth, by the end of the summer; but I point out that we need some farm surpluses of both food and fiber in order to provide for the possibility of a future war. In the last war our reserves of cotton and wheat proved to be crucial. They were very much needed. Without them, we probably could not have won the war as quickly as we did.

Secondly, there is always the possibility of drought. Rainfall seems to move in cycles of at least 16 to 18 years. For a period of about 11 years, from 1939 to 1950 or 1951, we had a period of comparatively high rainfall. In the past 2 years we have had a period of low rainfall, and it may be that we are moving into the low rainfall phase of the rainfall cycle. We may, therefore, face the possibility of rather widespread drought continuing for some time, as was the case in the early 1930's, and even prior thereto, in the early 1890's. Certainly, we should have a reserve ready for such need.

There is a great deal to be said in favor of the principle of the "ever-normal granary" advocated by Secretary Wallace some years ago. While I certainly do not subscribe to the later political doctrines of Secretary Wallace, at that particular point I believe that his thinking was sound.

PROPOSED NEW 11TH COURT OF APPEALS DISTRICT

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks an editorial entitled "Big Job on Our Hands," published in the Oregonian of March 29, 1954.

Mr. President, the editorial deals with the proposed creation of a new district

of the United States Circuit Court of Appeals in the Pacific Northwest.

Litigation in the States of Oregon and Washington and in the Territory of Alaska has become so heavy that there is a considerable amount of opinion in my section of the country that a new circuit court of appeals district should be established.

I have had pending for quite some time before the Committee on the Judiciary a bill which seeks to create such a new district. It is a bill which was strongly recommended by Chief Judge William Denman of the United States Court of Appeals of the Ninth District.

I am inserting the editorial in the RECORD at this time to call the attention of the Committee on the Judiciary to the fact that there is a considerable amount of public interest in the Pacific Northwest favoring my bill.

I thank the editors of the Oregonian for raising their voices in calling the attention of the country to the importance of the creation of a new Circuit Court of Appeals district.

I respectfully ask the Committee on the Judiciary to arrange early hearings on the bill so that its consideration may be proceeded with on the floor of the Senate.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BIG JOB ON OUR HANDS

By now everyone is well aware that the Pacific seaboard gained population at a rate far in excess of every other region in the Nation during the 1940-50 decade. Many have forgotten, however, that this has been the unvarying pattern of national growth for at least a half century.

We are reminded of the fact by a letter written by Chief Judge William Denman of the Ninth District United States Court of Appeals to Senator WAYNE MORSE in support of the latter's bill to create a new 11th district comprising the Pacific Northwest States and Alaska. Judge Denman cites statistics showing that, in the 1910-20 decade the population growth of the Far West was approximately three times as fast as that of the rest of the country; and the same was true of the 1920's. Even in the depression decade, 1930-40, with the birthrate and migration at a low ebb, the States and territories in the ninth circuit area recorded a 17.8 percent gain in population, greater than that of any recent decade for the States outside the ninth circuit.

Estimates since the 1950 census indicate that the rate of west coast population growth is still several times that of the Nation as a whole. As Judge Denman points out, this makes for a corresponding increase in litigation. It also makes for a corresponding increase in all other problems and opportunities that stem from human endeavor.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to

lease quarters for post-office purposes; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. McCLELLAN. Mr. President, I call up my amendment to the committee amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. In the committee amendment, on page 11, lines 6 and 7, it is proposed to strike out the words "calling for the expenditure of more than \$20,000 per annum."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN] to the committee amendment.

Mr. McCLELLAN. Mr. President, I had understood that the Senate would remain in session until the pending bill was voted on finally. If it is not the purpose to continue until the bill is finally disposed of, I call up the amendment so that it will be the pending question tomorrow; except that I should like to dispose of the amendment tonight, because I cannot be here tomorrow when the Senate is in session.

I do not know what the attitude of the committee is with respect to the amendment I have offered. The committee amendment as it now reads would authorize the making of lease-purchase contracts which would obligate the Government to pay at least \$20,000 a year on each contract that did not exceed \$20,000 without coming back to the Public Works Committees of the House and Senate for approval before thus obligating the Federal Government.

Mr. President, I shall not vote for the bill unless the purchasing agencies or the leasing agencies who are authorized to make the lease-purchase agreements are required to come back to the respective committees of Congress and submit the leases to those committees and get the approval of the committees before the agencies can obligate the Government to such long-term contracts and in such a manner.

Mr. President, I do not believe it is sound to do otherwise, because we would be exposing the Government to a long series of numerous obligations without a second look being afforded the committees or any other authority. I do not believe it is sound procedure.

In theory the bill is a good one. Frequently, particularly in times of emergency, when the Government must greatly expand its agencies and personnel, it must pay tremendously high rentals, and the opportunity to make such contracts, if properly administered, might inure to the benefit of the Government and result in a considerable saving of money.

There is another prospect that such authority might help in the event of any serious recession or depression, because it would provide a public building program and thus strengthen the economy by providing a great many jobs.

That would be one advantage that might flow from it.

Another point is that there is a need for a building program; indeed, there is

a very serious need for it. There are many localities where Federal buildings are needed. Permanent buildings under the permanent ownership of the Federal Government are needed in many areas. We have lagged far behind in the public building construction program. The bill may stimulate such a program and enable the Government to carry on a lease-purchase plan which would provide many buildings that are needed without at the same time putting all the burden of the cost immediately upon the Government in any one year. I can see some benefit to be derived from such a plan.

However, I do not go along with the theory that Congress should delegate authority to any Government agency to make contracts for lease-purchase agreements. On the basis of \$20,000 a year, for 10 years it would amount to \$200,000; for 15 years, it would be \$300,000; and for 20 years it would be \$400,000.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am glad to yield.

Mr. MORSE. There are 2 or 3 questions I should like to ask the Senator from Arkansas. I am sure he recalls, as a member of the Committee on Appropriations, that there has been considerable discussion on the floor of the Senate each year about the importance of our watchdogging the expenditure of funds. In fact, I recall that the Senator from Arkansas himself engaged in a discussion last year, highly consistent with the amendment he now offers, pointing out the need of the committee doing a more effective job of watchdogging the Military Establishment in connection with the expenditure of funds appropriated for military purposes.

The Senator is aware that many of us are disturbed because of frauds appearing in the operations of the housing program, both during past administrations and the present administration. Does the Senator, therefore, agree with me that what he is fighting for in his amendment is to implement a principle for which he has long fought, namely, that the Congress should maintain a vigilant check on the actual expenditure of funds, once the money has been appropriated?

Mr. McCLELLAN. The Senator from Oregon is absolutely correct. That is the position which I have taken repeatedly, and consistently, I trust, since I have been in the Congress. Whether the amount be \$5,000, \$20,000, or \$50,000, as I stated originally when the bill was before the committee, we are establishing a principle of permitting executive agencies to obligate the Government for a long period of years without Congress taking a look at the contract which is being made.

Mr. MORSE. The Senator has made his point.

I wish to ask another question so that it may be of record: Does the Senator not agree with me that there is a danger that if we do not have a check such as that which he is now proposing to place in the bill, assuming the bill shall pass, it will be a precedent on a much broader scale for larger expenditures

in connection with other measures which will be considered by the Senate?

Mr. McCLELLAN. There can be no question about that. When in one case we once depart from principle, even to a slight degree, we invite a radical departure from it in other cases. That is a mistake. If the Government is going to enter into a \$200,000 contract or a \$300,000 contract or a \$500,000 contract, or many such contracts—the amount of money involved will run into hundreds of millions of dollars over a period of time—I think Congress should take a look at the contract before the obligation is made. I cannot go along with the idea of delegating congressional power to any executive agency. It might be done in time of war, for certain military considerations in emergencies, but certainly not for any peacetime operation.

Mr. MORSE. I am glad to hear the Senator use the phrase "delegating congressional power." Is it not true that the bill in its present form, in effect and in fact, constitutes a delegation of congressional legislative check to administrative bodies in our Government, and, therefore, to that extent, we really make them superlegislative bodies?

Mr. McCLELLAN. Actually, it has that result. The sum of \$20,000 does not look like very much, but it is not only \$20,000 that is involved; it is \$20,000 multiplied annually by the number of contracts which may be made.

Mr. MORSE. Lastly, the Senator sees no invasion at all of any executive prerogative or function by the amendment he proposes?

Mr. McCLELLAN. Certainly not. The argument has already been made that any look by congressional committees is an invasion of the executive or administrative branch of the Government. But the Senate rejected that theory a few days ago by an overwhelming vote.

Mr. MORSE. A very large vote. I wish to thank the Senator from Arkansas. I shall support his amendment.

Mr. McCLELLAN. I certainly voted against striking out the entire provision. I do not know whether I shall vote for the bill, but I shall certainly not vote for it if it delegates such authority as I have described. I see no reason for giving authority to make contracts of \$20,000 a year without the proper committee taking a look at the contract before it is executed and the Government obligated.

Mr. STENNIS. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. STENNIS. If the Senator has finished his remarks on his amendment, I should like to invite his attention to a point.

Mr. McCLELLAN. I yield.

Mr. STENNIS. The Senator has directed his attention to a point which was of vital interest to me in the committee. I stated on the floor a few days ago that if this section is stricken out, I shall vote against the bill. The Senator will recall that there was no proviso like this in the House bill as it came to the Senate. So this is a question which will have to be fought out in conference to

see to what extent the Senate can prevail in the conference on a point which has received such an overwhelming vote. If it is the effort of the Senator to get his amendment agreed to and carried to conference with the idea that the chairman of the committee, the chairman of the subcommittee, and other Senate conferees will fight for it and get the very best they can get out of the conference on the whole subject matter, I shall be very glad to recommend that we take the amendment to conference with that understanding and try to get it adopted.

Mr. McCLELLAN. I cannot ask more than that it be taken to conference. That is all I could do if we had a ye-and-nay vote on it. I do not wish any remarks I make here to obligate me to support the conference report if the Senate's position does not prevail in the conference.

Mr. KNOWLAND. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. KNOWLAND. I was one of those Senators, including the Senator from Arkansas, the Senator from Mississippi, and many other Senators, who voted against the so-called Dirksen amendment, which was rejected by a large vote and which would have stricken out a whole section, thereby bypassing normal procedures when Congress is entitled to place whatever safeguards it thinks should be placed in the bill. While it may be in a strictly technical sense of the word, an encroachment on what we might call a normal administrative action; in effect, I think it is a quid pro quo by which Congress is giving up certain of its normal procedures and is asking the executive department to adopt certain procedures which normally might not be considered.

Frankly, the only question I have in regard to the amendment offered by the Senator from Arkansas is whether such a mass of detail would come to the Public Works Committees of the House and Senate that they could not devote the attention they should devote to matters of more importance. Not that the spending of even \$10,000 is not important, if it is the public's money, but I merely suggest to the Senator that if the committees should undertake to consider all the leases for small post offices, the paper work alone might be so onerous that they would not be able to do the analysis and the checking up which I think it is very essential to have done in more important categories.

I do not raise that as an insurmountable objection, but I raise it as one which, perhaps, should be given some consideration, because the Committee on Public Works, as does the Committee on Armed Services, has many problems to consider and much legislation to handle.

I know, from what has happened in the past, that suggestions of a \$50,000 limit might be made. Someone would then suggest that \$50,000 was too low; that perhaps it should be \$100,000. Others would suggest that \$100,000 was too high. I merely wished to raise that point, to which, I thought, the chairman of the committee, at least, and perhaps

the entire Senate, should give some attention.

Mr. McCLELLAN. I may say to the majority leader that I appreciate the fact that almost everything that is done in Congress increases the workload of committees. But the Senator makes a very fine argument for my amendment, because if we do not have time to attend to these matters—and it seems to be the general impression that we cannot meet these responsibilities—then we simply invite abuses of the very authority we grant.

I believe the responsibility is ours. I know the committees can and do staff themselves with technical personnel who can check these matters. At least, the representatives of the legislative branch of the Government can have such checks made as are necessary to advise the committees as to whether proposals conform to economic standards or whether the committees should make further examinations before they grant their approval.

As the distinguished Senator from California knows very well, the Committee on the Judiciary, of which I am a member, handles more legislation than any other committee of the Senate. I think everyone would agree that it would be impossible for the committee to do its work without having a competent, capable staff to examine the many hundreds of private bills which are introduced, involving the payment of claims and other expenditures of the Federal Government.

We might just as well pass a law to the effect that as to any claim which does not exceed \$20,000, which is presented against a department, Congress will authorize the department to pay the amount, if it believes it to be fair and just. But we simply cannot grant such authority and, at the same time, meet the responsibility which is placed upon Congress to watch over the purse strings of the Government.

Mr. KNOWLAND. Of course, from the point of view of the general principle involved, I think the Senator from Arkansas is on perfectly sound ground in the argument he makes. So far as those in the executive department are concerned, who might take a dim view of any type of restriction, I think their view would not necessarily be changed by whether the amendment of the Senator from Arkansas has included in or omitted from the bill. I think they would object to what they, at least, would call, from the executive point of view, a surrendering of certain administrative or executive functions, and a mixing of them with legislative functions.

But I have already made clear my view, as I think the Senator from Arkansas has also made clear his view, that if the executive department desires a lease-purchase bill of this character, then, in my judgment, in view of the overwhelming vote of the Senate, the executive branch simply will have to adjust its viewpoint to that of the legislative branch, which is asking for these provisions in return for what it is giving up.

I merely wish to point out that I think the amendment of the Senator from Ar-

kansas will greatly add to the volume of detail work which the Committees on Public Works already have. I quite agree with the Senator that when we consider the tremendous growth of the executive branch of the Government over the years, and the number of employees it now has, that even today, under the La Follette-Monroney Act, Congress has not always adequately armed its own committees with the staffs which they should have in order to perform, as the policy-determining board of directors of the Nation, the job which is ours, and which I think the country has a right to expect us to do. Perhaps it will be necessary to make provision for additional competent help in order to handle the added detail work which I think will be presented to the committees.

Mr. McCLELLAN. I thank the distinguished majority leader, who serves with me on the Committee on Appropriations. I believe he will recall from his own knowledge that often we hear a great deal of testimony on items in appropriation bills which are much similar to those which would be involved in this grant of authority.

May I inquire of members of the Committee on Public Works if it has been determined whether it is desired to accept my amendment and to take it to conference?

Mr. MARTIN. The committee is willing to do that.

Mr. McCLELLAN. Very well. Mr. President, I ask for action on my amendment.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN].

The amendment was agreed to.

Mr. KNOWLAND. Mr. President, because of the lateness of the hour, I wish to make an inquiry. I had understood several other amendments were to be considered. One, I think, has been proposed by the Senator from Virginia [Mr. BYRD], and there are certain other amendments on which I had understood some work had been done during the last several days, to see if it would be possible to come to an agreement with respect to them. I do not know whether there are some amendments of that character which could now be considered. I would not wish to call up a controversial amendment. I have given assurances to the minority leader that I would not do so. But if the Senate could act now on some amendments which are generally agreeable, I think the bill might be moved along to that extent.

Mr. KUCHEL. Mr. President, for myself and on behalf of the Senator from Virginia [Mr. BYRD], the Senator from South Dakota [Mr. CASE], and the Senator from Delaware [Mr. WILLIAMS], I offer an amendment which I am certain is not in any sense controversial, by reason of a cloakroom discussion held within the last 2 hours. The amendment relates to certain perfections. I desire to offer it with the understanding that it will not provoke any controversy.

It is restrictive in nature, and ties down the authority to a greater extent.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. KNOWLAND. Mr. President, when the junior Senator from California has submitted his amendment, I wonder if he would give a brief explanation of the manner in which it ties down the authority.

Mr. KUCHEL. Yes, I call up my amendment 4-9-54-A.

The PRESIDING OFFICER. Before the amendment of the Senator from California will be in order, action on the committee amendment, as proposed to be amended, must be completed.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. On a recent day the Senator from Arkansas secured reconsideration of the committee amendment, so that he could offer his amendment. As I understand the present situation, the Chair is suggesting that the Senate now should agree to the committee amendment, as amended, so that the bill would then be open to further amendment. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. KUCHEL. Mr. President, I call up amendment 4-9-54-A, which I offer for myself and on behalf of the Senator from Virginia [Mr. BYRD], the Senator from South Dakota [Mr. CASE], and the Senator from Delaware [Mr. WILLIAMS], together with the penciled amendments to which we agreed this afternoon, and I ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The Chief Clerk proceeded to read the amendment.

Mr. MORSE. Mr. President, I suggest that, procedurally, the amendment be printed, and that the Senator from California now be permitted to make a brief explanation of it. The amendment is a new one. Why could we not simply have it printed in the RECORD at this point?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, the amendment already has been printed, and is on the desk of each Senator. But in two instances about a dozen words have been added. I am certain the Senator from Oregon would have no difficulty in following the amendment.

I may say, by way of explanation, that the amendment provides, first, that the Director of the Budget must approve each proposed lease-purchase contract before the contract is sent to the Committees on Public Works of the Senate and the House.

Second, the bill contains, for the first time in the statutory history of the country, I think it can be said, a series of provisions under which the lease-purchase contracts shall be entered into.

I wish to read that section, which is on page 2.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. KUCHEL. I yield.

Mr. MORSE. Do I understand the Senator correctly to say that the Director of the Budget would be required to approve each proposed lease-purchase contract, or that the bill provides that a report from the Director of the Budget shall be required?

Is it proposed to give the Director of the Budget a veto, so that Congress could not consider the contract, even though Congress disagreed with the Director of the Budget?

Mr. KUCHEL. Yes, it is.

Mr. MORSE. Will the Senator tell me why?

Mr. KUCHEL. The Senator from Virginia was responsible for this recommendation originally, and it was accepted by the other Members of the Senate who have joined in sponsoring it. It was considered to be an additional safeguard. It was looked on as another check upon the broad authority to enter into lease-purchase contracts.

Mr. MORSE. Mr. President, will the Senator yield further?

Mr. KUCHEL. I yield.

Mr. MORSE. I do not object to checks, but the Senator will have a hard time selling me on authority for an administrative veto by the Director of the Budget. Let us suppose that in San Francisco, Calif., there is a proposal for the erection of a public building, under the terms of the bill now pending, and all the other administrative agencies think it is a desirable project. Let us suppose that great public bodies in California also think it is a fine project, and the Senators and the Representatives from California approve the idea; all think it is a sound proposal. Let us assume it goes through all the channels, and when it gets to the Director of the Bureau of the Budget, he says, "I don't think it should be done." It could not even reach the Committee on Public Works, because someone in the Bureau of the Budget had sat down and said, "No soap," to use a colloquialism. That is not a check; that is vesting in a bureaucrat a dictatorial and capricious power. I do not believe in that kind of power.

Mr. KNOWLAND. Mr. President, if the Senator will yield, I think it is obvious that there will be some additional amendments presented for consideration, which I understand the senior Senator from Oregon [Mr. CORDON] had contemplated offering. Whether he will offer them or not, I do not know. Other Senators also were interested in amendments. Since the Senate will not be able to complete consideration of the bill tonight, I wonder if under the circumstances the suggested additional amendments could be printed, and also appear in the RECORD, so that they will be available to the Senate tomorrow. Then, under the prior order of the Senate, we might recess until tomorrow. If that course is followed, the Senate probably will make progress.

Mr. MORSE. Mr. President, if the Senator will permit me, I should like to supplement the remarks I just made by one additional observation. I think it is perfectly all right for the Director of the Bureau of the Budget to submit an adverse report for the consideration of the congressional committees, and of either House, if it gets to either body for consideration; and that is the procedure usually followed in the Congress. The Senator has sat with me on the Public Works Committee. When a certain matter has come up, the members of the committee may have asked, "What has the department got to say about this? Is there an adverse report or a favorable report?" Members of the committee are greatly influenced, as the Senator knows, by an adverse report. I think it is fair to say that when there is an adverse report from a department on a piece of legislation pending before the committee, the burden of proof is, in a way, thrown on the advocates of the bill at least to go forward with evidence to show that the bill ought to be passed.

Until I hear more of the present suggestion, at least, I certainly shall not respond favorably to the idea of writing into the bill the right of an irrevocable veto on the part of the Director of the Bureau of the Budget. The Congress ought to have an opportunity of overruling the Director if an adverse report from the Director of the Bureau of the Budget is made, inasmuch as a legislative function is involved.

Mr. KUCHEL. Mr. President, I do not wish to take any more time of the Senate, in view of the suggestion of the majority leader, but I may say to the Senator from Oregon that the same legislative authority exists in the two committees today, and would exist under this bill if it were enacted into law, to deal with specific situations. This provision would constitute an additional check or restriction against wholesale authority to enter into lease-purchase agreements.

Mr. President, I ask unanimous consent that the amendment, with the penciled additions, be printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 3, line 21, immediately after the subsection designation "(c)", insert the following: "No proposed purchase contract shall be executed under this section unless, prior to the time at which the Administrator has come into agreement with congressional committees, thereon, such contract has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such contract is necessary and is in conformity with the policy of the President."

On page 4, at the end of line 10, insert the following: "No such purchase contract shall provide for any payments to be made by the United States in excess of the amount necessary, as determined by the Administrator, to—

"(1) amortize—

"(A) the cost of improvements to be constructed plus the fair market value, on the date of the agreement, of the site, if owned or acquired by the contractor; or

"(B) the fair market value, on the date of the agreement, of completed improvements together with the site thereof; or

"(C) a combination of the foregoing in the case of existing improvements to be remodeled by the contractor; and

"(2) provide a reasonable rate of interest on the outstanding principal as determined under (1) above; and

"(3) reimburse the contractor for the cost of any other obligations assumed by him under the contract, including (but not limited to) payment of taxes, costs of carrying appropriate insurance, and costs of repair and maintenance if so assumed by the contractor."

On page 4, between lines 19 and 20, insert the following: "For the purpose of obtaining such agreement, the Administrator shall transmit to the President of the Senate and to the Speaker of the House, for reference to each such committee, a summary of the proposed purchase-contract agreement which shall include—

"(1) a brief description of the building to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Administrator of the General Services Administration that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat, and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement that bids for the proposed project will not be advertised until after consultation, if within 15 days following the submission as herein provided the committee to which the summary is referred requests consultation with respect to the proposal."

On page 10, line 13, immediately after the subsection designation "(d)" insert the following: "No proposed purchase contract shall be executed under this section unless, prior to the time at which the Postmaster General has come into agreement with congressional committees thereon, such contract has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such contract is necessary and is in conformity with the policy of the President."

On page 10, line 18, immediately after the period, insert the following: "No such agreement shall be provided for any payment to be made by the United States in excess of the amount necessary, as determined, by the Postmaster General, to—

"(1) amortize—

"(A) the cost of improvements to be constructed plus the fair market value, on the date of the agreement, of the site, if owned or acquired by the contractor, or

"(B) the fair market value, on the date of the agreement, of completed improvements together with the site thereof, or

"(C) a combination of the foregoing in

the case of existing improvements to be remodeled by the contractor; and

"(2) provide a reasonable rate of interest on the outstanding principal as determined under (1) above, and

"(3) reimburse the contractor for the cost of any other obligations assumed by him under the contract, including (but not limited to) payment of taxes, costs of carrying appropriate insurance, and costs of repair and maintenance if so assumed by the contractor."

On page 11, line 11, immediately after the period, insert the following: "For the purpose of obtaining such agreement, the Postmaster General shall transmit to the President of the Senate and to the Speaker of the House of Representatives, for reference to each such committee, a summary of the proposed lease-purchase agreement which shall include—

"(1) a brief description of the building to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Postmaster General that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement that bids for the proposed project will not be advertised until after consultation, if within 15 days following the submission as herein provided the committee to which the summary is referred requests consultation with respect to the proposal."

Mr. MORSE. Mr. President, may I make one more observation?

Mr. KNOWLAND. I yield.

Mr. MORSE. I think what the junior Senator from California said in his last observation has to be considered in the light of what was done by the McClellan amendment, because that amendment changed the situation somewhat. Under the McClellan amendment the Senate has sought to protect itself by providing in the bill that such undertakings as it covers shall come back to it for a check. I am in favor of that amendment; but I want the action of the Director of the Bureau of the Budget to be subject to the legislative branch, rather than have the legislative branch be subject to a veto of the Director of the Bureau of the Budget.

Mr. KNOWLAND. I wish my colleague would discuss the question, perhaps overnight, with the Senator from Virginia, and some of its other authors. I think the question raised by the Senator from Oregon is at least worthy of further study. I thought there would be some value in getting the recom-

mendations of the Director of the Budget, because, after all, when a lease-purchase contract is made, it becomes an obligation against the budget of the United States, and one for which we must ultimately find the funds. I think there would be great value in having the recommendations of the Director of the Budget as to whether, in his judgment, a project is either good or not good, or to have either a favorable or an unfavorable report.

I think there might be some suggestion made tomorrow, particularly in view of the amendment which was offered by the Senator from Arkansas and adopted by the Senate, that perhaps the Senate does not need to go quite to the extent of giving the Director of the Budget what appears to be, as the Senator from Oregon has pointed out, a veto power. Perhaps the Senator from Virginia, the Senator from California, the Senator from South Dakota, and the other Senators, who very properly wanted all the safeguards which were necessary to be thrown around this authority, might find it possible to afford the safeguards by providing that before a lease-purchase agreement can be entered into the Director of the Budget must pass on it and give at least his recommendation. But I do not believe the Congress should give him the absolute right of veto. I have arrived at no final decision in my own mind on the question, but I think a very interesting point has been raised, and one which should be explored overnight.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Pennsylvania.

Mr. MARTIN. I am not a sponsor of the amendment, but what the committee members had in mind was that a great deal of money will be involved. The lease-purchase contract arrangement is a plan being used now by private groups to a great extent. For example, some of the chain-store groups have individuals erect buildings for them, they rent them, and the rentals are applied to paying for the buildings.

What the members of the committee tried to do was to establish as many safeguards as possible. After the bill was referred to the Public Works Committee of the Senate, we felt that there were a great number of restrictions which should be made, and I think it is a matter the Senate should debate rather thoroughly. The Senate has already discussed it rather extensively. The question of the safeguards should be considered, because, as the bill is now worded, the idea behind the provision that the Budget Director shall pass on a project is that he has a staff which can check on values, and matters of that kind. It was felt that a provision of the kind suggested would make less work for the Committee on Public Works.

Mr. KNOWLAND. I think the committee has done an excellent job in providing safeguards in connection with this rather new procedure in the matter of public buildings. The committee is to be commended.

So far as I am concerned, as a legislator and as a Member of the Senate of the United States, I wish to see the Congress retain control of the purse strings.

Mr. MARTIN. That is correct.

Mr. KNOWLAND. The importance of having the legislative branch of the Government retain control of the purse strings of a nation was demonstrated in the early days in England; and the founders of this Republic recognized the importance of having the legislative branch retain that power, and they wished to be sure it was maintained in the legislative branch. I, too, wish to have it maintained in the legislative branch; and I am sure the Senator from Pennsylvania, the Senator from California, and all other members of the legislative branch of the Government wish to have that done. Certainly, it is proper for us to maintain that position in connection with the discharge of our obligations. So long as I serve in this body, I shall wish to have the Congress maintain that control. I never wish to see Congress surrender control of the purse strings. To do so would be to make a fundamental change in our Government. I do not wish to see such a change made under either a Democratic administration or a Republican administration. In short, I simply do not wish to see such a change made—period.

Mr. MARTIN. Mr. President, I am fully in agreement with the majority leader.

I hope the sponsors of the amendment will be able during the night to work out what the majority leader has suggested, for his suggestion is a very good one.

Following his statement about control of the purse strings, let me point out that the first step toward dictatorship is when the legislative body or branch, surrenders control of the purse strings. If all power is placed in the executive, a dictatorship is created, regardless of what party is in power.

Mr. KUCHEL. Mr. President, in order that there may not be any misunderstanding, let me say that the amendment submitted by three distinguished Senators and myself was not drafted hastily. On the contrary, it was drafted with great care, and was drafted because this group of Senators and the committee which conducted hearings on the bill and studied the bill did not wish to have Congress grant to two Government agencies authority so extensive that it might be liable to considerable abuse.

Of course, it is obvious that whenever any Senator wishes to have Congress pass a bill providing for the purchase of a building or for the lease-purchase of a building, such a bill can be introduced; and, regardless of what the Director of the Bureau of the Budget or what any other agency of the executive branch of the Government may wish to do about it, the appropriate congressional committee can hold hearings on the bill, and it can be passed by Congress and enacted into law.

This restriction has been included in the pending bill, although when it came from the House of Representatives to the

Senate, and was referred to the Senate Committee on Public Works, the bill contained no restriction of any kind or character, aside from a provision that the President of the Senate and the Speaker of the House of Representatives would be notified about the number, amount, and character of the lease-purchase agreements which had been entered into during a preceding 3-month period, as I recall.

I joined with the great majority of the members of the committee—and, finally, with all of them, I believe—in insisting that the bill contain restrictions, so that the Public Works Committees of the House and the Senate would be given the same opportunity that similar committees now have with respect to expenditures by the Department of Defense. Such a provision amounts to an additional safeguard.

I repeat that the amendment has not been drafted hastily.

I say in all good faith in my colleague the senior Senator from California, to the Senator from Oregon, and to the respected chairman of the committee on which I serve, that they, too, will wish to consider the need in this field of providing proper safeguards when giving wholesale authority to enter into lease-purchase agreements, as provided in the pending bill.

I wish to assure my colleague that the amendment has not been hurriedly written. The Senator from Virginia [Mr. BYRD], who is extremely well versed in this entire field, urged the amendment, and the other three Senators joined in sponsoring it.

Mr. KNOWLAND. Mr. President, I assure my colleague that I am not suggesting that the amendment was drawn hastily. I can understand the reasons for it and the reason the Senator from Virginia, the Senator from South Dakota, and other Senators have for wishing to tighten up this measure, which came to us with virtually no restrictions whatever.

In the discussion we have had tonight on the floor, I believe additional viewpoints may have been expressed, and may be worthy of consideration overnight; and tomorrow the discussion can be continued.

Mr. MARTIN. Mr. President, I shall take only a moment.

First, let me say to the junior Senator from California that I did not mean to suggest that the amendment had not received very careful consideration. What I had in mind, and what I think the distinguished majority leader and the Senator from Oregon had in mind, was that we did not wish to give veto power to the Director of the Bureau of the Budget.

The restrictions the junior Senator from California has proposed to be thrown around the bill are approved by me in their entirety.

I should like to say that as chairman of the subcommittee, the junior Senator from California [Mr. KUCHEL], particularly in cooperation with the Senator from Florida [Mr. HOLLAND], has done a magnificent job on the bill.

I admit I have been worried about the bill ever since it was referred to the committee. Those Senators—in fact all the committee, but particularly those two Senators—have done a magnificent job on the bill, and I know they have not taken any action hastily.

Mr. KUCHEL. Mr. President, I thank the Senator from Pennsylvania very much for his statement.

Mr. President, in concluding my remarks for today, let me say that the bill delegates new authority to two agencies; it gives them wholesale authority to enter into so-called lease-purchase contracts. The amendment restricts their use of that authority, by requiring them, among other things, to obtain the approval of the Director of the Bureau of the Budget. To that extent the bill does not tie the hands of Congress. It restricts the agencies to whom this power is delegated, by requiring the Director of the Bureau of the Budget to approve what they wish to have done, before their recommendations come to Congress and to the two Committees on Public Works.

RECESS

Mr. KNOWLAND. Mr. President, pursuant to the previous order of the Senate, I now move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 18 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, April 15, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 14, 1954:

UNITED STATES MARSHAL

Thomas R. Clark, of Hawaii, to be United States marshal for the district of Hawaii, vice Otto F. Heine, term expired.

POSTMASTERS

The following-named persons to be postmasters:

CALIFORNIA

Lloyd L. Adamson, Bloomington, Calif., in place of S. L. Wingert, retired.
William A. Cook, Irvine, Calif., in place of T. W. Zitlau, resigned.
Herman D. Vandergon, Le Grand, Calif., in place of W. I. Glasgow, retired.
Arthur J. Schneider, McFarland, Calif., in place of V. E. Combs, deceased.
Harriet P. Vial, Rosamond, Calif., in place of L. A. Angell, retired.
Lawrence F. Sandquist, Rosemead, Calif., in place of N. A. Stump, retired.
Hale S. Burger, Windsor, Calif., in place of A. C. Byrn, retired.
Clarence L. Knight, Yolo, Calif., in place of E. A. Russell, resigned.

COLORADO

Gilbert H. Moeller, Delta, Colo., in place of G. G. Ellington, resigned.
Marion H. Bray, Fort Logan, Colo., in place of A. M. Padan, retired.
Charles Robert Skees, Nucla, Colo., in place of E. F. Baldwin, retired.
Jennie E. Kimble, Simla, Colo., in place of W. T. Moreland, transferred.

CONNECTICUT

Emerson J. Surprenant, North Branford, Conn. Office established August 1, 1952.

Paul P. Pavia, Stamford, Conn., in place of C. P. McGuinness, retired.

FLORIDA

Harry F. Swathwood, Cortez, Fla., in place of B. E. Guthrie, deceased.

Green J. McGriff, Jr., Starke, Fla., in place of F. F. Stump, retired.

IDAHO

Thelma J. Butts, Hope, Idaho, in place of M. C. Van Stone, removed.

ILLINOIS

Elizabeth J. Grahn, Altona, Ill., in place of A. S. Austin, retired.

Hobart C. Berghorn, Barrington, Ill., in place of L. B. Paddock, removed.

Ralph C. Scott, Carlyle, Ill., in place of C. N. Fisher, resigned.

James R. Jirus, Cornell, Ill., in place of R. J. Beck, transferred.

Madge L. Snell, Gilson, Ill., in place of Leo Pickrel, resigned.

Ila W. Nelson, Plano, Ill., in place of C. W. Frank, deceased.

Albert H. Brandt, Red Bud, Ill., in place of O. H. Thielen, transferred.

INDIANA

Earl B. Schwanke, Demotte, Ind., in place of N. S. True, retired.

Gerald K. Carr, Greentown, Ind., in place of E. B. Cates, retired.

Dean M. Wakeland, Idaville, Ind., in place of Ray Friday, retired.

Dean O. Neff, Rochester, Ind., in place of Dow Haimbaugh, resigned.

Louie C. Neu, Shelbyville, Ind., in place of G. O. Thurston, deceased.

Arnold O. Hipskind, Urbana, Ind., in place of Albert Rautenkranz, retired.

IOWA

Edward M. Rowse, Correctionville, Iowa, in place of W. E. Shontz, retired.

John R. Bruns, Deep River, Iowa, in place of A. M. Stephenson, retired.

Allen R. Yashack, Diagonal, Iowa, in place of K. I. Morrow, transferred.

Frederick Meyer, Stanwood, Iowa, in place of C. J. Long, retired.

KANSAS

Ernest A. King, Barnard, Kans., in place of F. H. Gibbs, deceased.

Harold E. Schiewe, Ellinwood, Kans., in place of G. F. Heim, Jr., removed.

George K. Jackson, Emporia, Kans., in place of W. P. Yearout, retired.

Elmer Lull, Haddam, Kans., in place of F. T. Fencel, transferred.

James H. Parsons, Lawrence, Kans., in place of R. M. Williams, retired.

Eugene B. Hyndman, Wellington, Kans., in place of E. M. Holt, resigned.

Dale H. Stinson, Wilson, Kans., in place of E. C. Jarus, deceased.

Edna G. McClure, Zenith, Kans., in place of F. S. Smith, resigned.

LOUISIANA

Thomas F. Patin, Breaux Bridge, La., in place of R. J. Patin, retired.

MAINE

John Chase, North Edgcomb, Maine, in place of M. M. Miller, deceased.

MASSACHUSETTS

Frank G. Haley, Medfield, Mass., in place of J. D. Scully, resigned.

MICHIGAN

Lyal E. Lucas, Berrien Springs, Mich., in place of C. M. Bedinger, retired.

John A. Bunyan, Bridgeport, Mich., in place of L. M. McNally, retired.

Jean E. Welch, Bridgewater, Mich., in place of G. J. Bersuder, retired.

John D. Duguid, Chesaning, Mich., in place of L. L. Feuerstein, transferred.

Arthur Wade Drake, Colon, Mich., in place of A. G. Warlick, Jr., transferred.

Earl H. Kabel, Lawrence, Mich., in place of G. M. Gould, retired.

Jay F. Fournier, Morrice, Mich., in place of C. F. McDivitt, Jr., transferred.

MINNESOTA

Gilbert F. Ostendorf, Freeport, Minn., in place of F. H. Dumont, transferred.

Walter E. McRoberts, Herman, Minn., in place of E. P. Brackin, retired.

Robert L. Aldrich, Hewitt, Minn., in place of G. B. Engelmann, resigned.

Orville C. Stordahl, McIntosh, Minn., in place of M. L. Downing, resigned.

Lionel J. Spaniol, St. Cloud, Minn., in place of J. A. Henry, retired.

MISSOURI

C. Dale Murphy, Bourbon, Mo., in place of J. H. Essman, retired.

Leo H. Krueger, Montgomery City, Mo., in place of H. E. Ball, retired.

William P. Gray, Pleasant Hill, Mo., in place of B. V. Jones, resigned.

Lloyd D. Gill, Powersville, Mo., in place of J. E. Cole, transferred.

Carl Darrell Marti, Tarkio, Mo., in place of Alexander Rankin, retired.

Willard R. Emo, Vandalia, Mo., in place of E. C. Merrell, deceased.

MONTANA

Albert M. Valacich, Black Eagle, Mont., in place of August Cor, retired.

Jean L. Creecy, Willow Creek, Mont., in place of M. F. DeBree, removed.

NEBRASKA

Dale F. Fattig, Brady, Nebr., in place of G. D. Carroll, transferred.

John C. Horner, Friend, Nebr., in place of P. J. Mullin, retired.

Elizabeth R. Olson, Lindsay, Nebr., in place of A. P. Peterson, retired.

Donald R. Shipman, Sidney, Nebr., in place of J. W. Martinosky, removed.

Gerhardt Wiard, Sutton, Nebr., in place of G. H. Matteson, deceased.

Jean A. Boyd, Winside, Nebr., in place of C. M. McIntyre, deceased.

NEW HAMPSHIRE

James M. Cripps, Holderhess, N. H., in place of L. W. Marden, deceased.

Delmar F. Haskell, Jackson, N. H., in place of H. O. Harriman, retired.

NEW JERSEY

Elva B. Feller, Fayson Lakes, N. J., in place of L. C. Siebert, resigned.

Stephen M. Vahalv, Port Reading, N. J., in place of N. M. DaPrile, resigned.

Clifford L. Cardozo, Scotch Plains, N. J., in place of A. J. Thomas, retired.

NEW YORK

Dorothy A. White, Bloomingdale, N. Y., in place of L. P. Rock, retired.

Joseph R. Hawn, Buffalo, N. Y., in place of J. M. Keyes, deceased.

Theodore O. Gramm, Campbell Hall, N. Y., in place of Ellicott McClung, retired.

Ruth M. Rohner, Cross River, N. Y., in place of C. A. Miller, deceased.

Charles A. Winslow, Deansboro, N. Y., in place of W. J. Duvelow, removed.

Lester H. Sweatt, Essex, N. Y., in place of M. T. Powers, retired.

Clyde E. Van Rensselaer, Forestville, N. Y., in place of M. S. Valvo, transferred.

Theodore H. Sheldon, Fort Montgomery, N. Y., in place of H. F. Garrison, retired.

John B. Connelly, Goshen, N. Y., in place of W. J. Tuthill, deceased.

Elodine S. Baxter, Hinsdale, N. Y., in place of D. B. Allen, retired.

Robert R. Austell, Middletown, N. Y., in place of F. F. Sheerin, retired.

Ralph E. Ouderkirk, Jr., Palantine Bridge, N. Y., in place of A. W. Wohlgenuth, retired.

Doris K. Bartow, Rexford, N. Y., in place of J. L. Moran, declined.

Frank P. Platz, Shandaken, N. Y., in place of C. E. Griffin, deceased.

Walter L. Deutsch, Slate Hill, N. Y., in place of D. H. Evans, retired.

Robert L. Hosmer, Star Lake, N. Y., in place of M. M. McCabe, deceased.

Alice C. Lenz, Strykersville, N. Y., in place of H. T. Empson, transferred.

Harold Allen, Tannersville, N. Y., in place of M. L. Doyle, deceased.

Elizabeth B. Kenfield, Verona, N. Y., in place of J. W. Cook, retired.

NORTH CAROLINA

Blanche T. Nelson, Atlantic, N. C., in place of W. W. Parker, resigned.

Henry G. Williamson, Cerro Gordo, N. C., in place of K. E. Kelliham, retired.

Hoy C. Correll, China Grove, N. C., in place of H. A. McNeely, retired.

Elmo S. Orr, Mountain Home, N. C., in place of L. D. Renfro, resigned.

OHIO

William L. Meder, Bellaire, Ohio, in place of H. C. Glaser, retired.

Clinton C. Dill, Bellville, Ohio, in place of J. B. Kochheiser, retired.

Anne F. Day, Glenmont, Ohio, in place of A. A. Dete, resigned.

Mabel E. Crawford, Holmesville, Ohio, in place of H. R. Cutter, resigned.

Hoy J. Seckinger, Jacksonville, Ohio, in place of J. G. Price, resigned.

William D. Griffith, Shawnee, Ohio, in place of I. A. Falls, retired.

Henry M. Heyl, Wooster, Ohio, in place of J. A. Stark, resigned.

OKLAHOMA

Harold S. Howard, McAlester, Okla., in place of J. W. Phillips, retired.

Everette E. Johnson, Stillwater, Okla., in place of H. A. McNutt, resigned.

OREGON

Clyde W. Carstens, Roseburg, Oreg., in place of L. L. Wimberly, deceased.

PENNSYLVANIA

Grandfield White, Cambridge Springs, Pa., in place of D. J. Cullinan, resigned.

Henry C. Schlosser, Gallitzin, Pa., in place of J. J. Quinn, resigned.

John A. Moore, Gibsonia, Pa., in place of H. H. Park, deceased.

Burdette L. Gelnett, Gramplan, Pa., in place of W. L. Nolder, retired.

Albert F. Rusiewicz, Natrona, Pa., in place of J. C. Clark. Incumbent's commission expired June 23, 1942.

Earl S. Thoman, Railroad, Pa., in place of F. R. Hoover, resigned.

Clarence R. Pfaff, South Heights, Pa., in place of E. M. Frey, resigned.

Albert F. Kutzer, Tremont, Pa., in place of J. A. Maurer, retired.

SOUTH DAKOTA

Robert L. Brown, Bradley, S. Dak., in place of E. A. Sproat, retired.

Lloyd W. Malde, Mount Vernon, S. Dak., in place of B. W. P. Oakley, transferred.

TEXAS

Floyd Z. Pannell, Tulla, Tex., in place of W. A. Graham, retired.

VIRGINIA

Ellwood B. Groseclose, Ivanhoe, Va., in place of C. E. Hanks, retired.

WASHINGTON

Francis M. Moses, Centralia, Wash., in place of A. K. Filson, retired.

Norman W. Senter, North Bonneville, Wash., in place of Roy Emerson, retired.

Margaret Bright, Richmond Beach, Wash., in place of L. C. Smid, resigned.

WISCONSIN

Archibald G. Campbell, Barneveld, Wis., in place of F. V. Starry, deceased.

Martin O. Netland, Catawba, Wis., in place of J. A. Moore, transferred.

Louis L. Dinkel, Fox Lake, Wis., in place of George Medley, retired.

Gordon J. Hauser, Hilbert, Wis., in place of C. H. Eldridge, transferred.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 16, 1954
For actions of April 15, 1954
83rd-2nd, No. 70

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HIGHLIGHTS: Senate debated buildings lease-purchase bill. Sen. Dirksen defended reduction in dairy price supports. Rep. Kean introduced and discussed bill to extend Trade Agreements Act.

HOUSE

1. STANDARD CONTAINER. The Interstate and Foreign Commerce Committee was granted permission until April 23 to file a report on H. R. 8357, to amend the Standard Container Act to provide for a 3/8ths bushel measurement (p. 4929). The Committee had earlier ordered this bill reported (p. D420).
2. TARIFF RATES. Rep. Bailey criticized the President's request for reduced tariffs and described some of the possible effects this would have on the price support programs (pp. 4936-7).
3. BUDGETING. Rep. Fisher stated that proposed reductions in income taxes should not be authorized until the budget is balanced (pp. 4943-5).
4. FARM PRICES. Rep. McCormack described some of the accomplishments of the administration and stated that "the problem of farmers' falling income, which Secretary Benson would reduce still further..., is still unsolved" (pp. 4945-6).
5. ADJOURNED until Mon., Apr. 26. (p. 4949).

SENATE

6. BUILDINGS. Continued debate on H. R. 6342, to authorize GSA to provide for private construction of buildings with lease agreements providing for gradual purchase of the buildings by the Government (pp. 4904-11, 4922-3).
Agreed to the following amendments:
By Sen. Kuchel, requiring approval by the Budget Bureau of each lease-purchase agreement before submission to the Public Works Committees, and limiting certain payments for amortization (pp. 4904-8).
By Sen. Stennis (to perfect Sen. McClellan's amendment agreed to Apr. 14) prohibiting any lease-purchase agreement unless the agreement is approved by the Public Works Committees (p. 4908).

By Sens. Cordon and Stennis providing that every lease-purchase contract shall be paid off in equal annual amounts, limiting such contracts in any one year to specific limitations in appropriation acts, and establishing a limitation of \$4 million therefor prior to July 1, 1955 (pp. 4909-11).

Agreed that beginning Tues., Apr. 20, debate will be limited on any amendment to 1 hour, and that debate on passage of the bill will be limited to 1 hour (pp. 4922-3).

7. DAIRY PRICE SUPPORTS. Sen. Dirksen spoke in defense of Secretary Benson's reduction of dairy price supports (pp. 4898-9).
Sen. Humphrey stated he had received a number of resolutions and petitions from various Minn. communities "urging that farm price supports be maintained at 90 to 100 percent of parity" (p. 4895).
8. BUDGETING; PERSONNEL. Sen. Carlson praised the appointment of Rowland R. Hughes to succeed Joseph H. Dodge as Director of the Bureau of the Budget (pp. 4897-8).
9. REGRESSED until Mon., Apr. 19 (p. 4927).

BILLS INTRODUCED

10. FARM LABOR. H.R. 8857, by Rep. Reed, N.Y., to extend and improve the unemployment compensation program; to Ways and Means Committee (p. 4949).
11. FARM PROGRAM. H.R. 8858, by Rep. Martin, Iowa, "to encourage a stable, prosperous, and free agriculture;" to Agriculture Committee (p. 4949).
12. TRADE AGREEMENTS. H.R. 8860, by Rep. Kean, to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended; to Ways and Means Committee (p. 4949). Remarks of author (pp. 4929-30).
13. PERSONNEL. H.R. 8863, by Rep. Hardy, to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide a uniform rate for the computation of all annuities; to Post Office and Civil Service Committee (p. 4949). Remarks of author (p. 4946).
14. PUBLIC WORKS. H.R. 8864, by Rep. Howell, to offset unemployment by providing for Federal assistance to States and local governments in projects of construction, alteration, expansion, or repair of public facilities and improvements; to Public Works Committee (p. 4949).
15. EDUCATION. H.R. 8867, by Rep. Holt, to provide financial assistance for the construction of public elementary and secondary schools in the States, and other parts of the U.S.; to Education and Labor Committee (p. 4949).
H.R. 8868, by Rep. Holt, to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities; to Education and Labor Committee (p. 4949).
16. CIVIL DEFENSE. H. J. Res. 501, by Rep. Aspinall, and H. J. Res. 503, by Rep. King, Calif., to constitute the Federal Civil Defense Administration an executive department; to Government Operations Committee (p. 4949).

sponsibility for the welfare of his country when he said:

"This Nation, under God, shall have a new birth of freedom and that government of the people, by the people, for the people, shall not perish from the earth."

With these closing words the immortal Gettysburg address was born.

The presidential campaign in 1864 was conducted under the stress and strain of existing war, with an under current of doubt as to the result. There was considerable opposition among an element in the Democratic Party in the North, especially in Ohio and New York, to continuing the war, claiming it was a failure. As the time for holding the national conventions approached the excitement was intense and considerable bitterness was displayed.

President Lincoln was nominated by acclamation for a second term, and Hannibal Hamlin, of Maine, for Vice President, in the convention held in Baltimore June 9.

The Democratic National Convention was held in Chicago on the 29th of August; Gen. George B. McClellan, of New York, was nominated for President and George H. Pendleton, of Ohio, for Vice President.

In the general election in November Mr. Lincoln received 2,216,000 votes and General McClellan 1,800,000 votes.

The second inaugural address of President Lincoln March 4, 1865, was delivered before a vast concourse of people on the eastern front of the capitol and is one of the most remarkable of his public utterances. It will hold a high place among the greatest state papers that history has preserved. At that time he was facing momentous problems of fate and responsibility. The message was the shortest of any presidential inaugural before or since, and is well worthy to be read at this time. It is as follows:

"Fellow countrymen, at this second appearing to take the oath of the Presidential office there is less occasion for an extended address than there was at the first. Then a statement somewhat in detail of a course to be pursued seemed fitting and proper. Now at the expiration of 4 years, during which public declarations have been constantly called forth on every point and phase of the great contest which still absorbs the attention and engrosses the energies of the Nation, little that is new could be presented. The progress of our arms, upon which all else chiefly depends, is as well known to the public as to myself, and it is, I trust, reasonably satisfactory and encouraging to all. With high hope for the future, no prediction in regard to it is ventured.

"On the occasion corresponding to this 4 years all thoughts were anxiously directed to an impending civil war. All dreaded it, all sought to avert it. While the inaugural address was being delivered from this place, devoted altogether to saving the Union without war, insurgent agents were in the city seeking to destroy it without war—seeking to dissolve the Union and divide effects by negotiation. Both parties deprecated war, but one of them would make war rather than let the Nation survive, and the other would accept war rather than let it perish, and the war came.

"One-eighth of the whole population were colored slaves, not distributed generally over the Union, but localized in the southern part of it. These slaves constituted a peculiar and powerful interest. All knew that this interest was somehow the cause of the war. To strengthen, perpetuate and extend this interest was the object for which the insurgents would rend the Union even by war, while the Government, claimed no right to do more than restrict the territorial enlargement of it. Neither party expected for the war the magnitude or the duration

which it has already attained. Neither anticipated that the cause of the conflict might cease with or even before the conflict itself should cease. Each looked for an easier triumph and a result less fundamental and astounding. Both read the same Bible and prayed to the same God, and each invoked His aid against the other. It may seem strange that any man should dare ask a just God's assistance in wringing their bread from other men's faces, but let us judge not, that we be not judged. The prayers of both cannot be answered. That of neither has been answered fully. The Almighty has His own purposes. 'Woe unto the world because of offenses; for it must needs be that offense come, but woe to that man by whom the offense cometh.' If we shall suppose that American slavery is one of those offenses which, in the providence of God, must needs come, but which, having continued through his appointed time, He now wills to remove, and that He gives to both North and South this terrible war as the woe due those by whom the offense came, shall we discern therein any departure from those divine attributes which the believers in a living God always ascribe to Him?

"Fondly do we hope, fervently do we pray, that this mighty scourge of war may speedily pass away. Yet, if God wills that it continue until all the wealth piled by the bondsman's 250 years of unrequited toil shall be sunk, and until every drop of blood drawn with the lash shall be paid by another drawn with the sword, as was said 3,000 years ago, so still it must be said 'the judgments of the Lord are true and righteous altogether.'"

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the Nation's wounds, to care for him who shall have borne the battle and for his widow and orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

The last sentence of this remarkable address beginning with the words, "With malice toward none, with charity for all," has rung down through the years as an earnest appeal on the part of Mr. Lincoln for a return to peace, reconciliation and an undivided country.

This sentiment was in the mind of the late President McKinley at the beginning of the Spanish-American War in 1898 when he led the way to a more complete reconciliation, and hastened the day of complete unity when he appointed Congressman Joseph Wheeler, of Alabama, who reached the grade of major general in the Confederate Army, to a similar position in the United States Army for duty in Cuba in charge of a cavalry regiment. President McKinley also appointed Senator Mathew C. Butler, of South Carolina, who was a major general in the Confederate Army, to the rank of major general in the United States Army, to be in charge of volunteers in the Spanish-American War, and later one of the commissioners to supervise the evacuation of Cuba by the Spanish forces at the close of the war.

During my 20 years in Congress it was my good fortune to become acquainted with many fine patriotic gentlemen in both branches, whose forebears had been officers and privates in the Confederate Army, and I soon discovered that they were as loyal and patriotic as those from other sections. I well remember a wonderfully interesting historic and patriotic address delivered by the late Congressman David Hayes Kincheloe, from Kentucky, in the House of Representatives June 3, 1916, in reference to the conflict of 1861-65, from which I quote the peroration, as follows:

"When the war ended the soldiers of the North and of the South shook hands across the graves of their comrade dead, and said, 'we will be friends; we will again have a Union, one and undivided,' and when they did they made a government that will live on united until time shall cease its flight in the centuries to follow.

"I rejoice with every patriotic American today in the fact that we have a hundred million people free, happy, peaceful, united, and patriotic people, with one country, one government, one flag, and one God."

Another notable occasion when the differences between the soldiers of the North and of the South had been obliterated, was the joint reunion of the Blue and the Gray 25 years ago in this city. Soldiers from each of the great armies of sixty-one to sixty-five came from every State of the Union in great numbers to attend, and were welcomed in a grand fashion by the city officials. The great parade from the Capitol to the White House was led by Senator John H. Bankhead, of Alabama, who had served as a captain in the Confederate Army, during the Civil War, and Senator Knute Nelson, of Minnesota, who had served as a private and noncommissioned officer in the Union Army, each of them wearing the uniform of the Civil War days.

President Lincoln was the first of our three martyred Presidents; having been assassinated by J. Wilkes Booth, an actor, in the building we are occupying today, on the 14th day of April 1865, and died the next day in a dwelling to which he was taken across the street. The other two martyred Presidents were James A. Garfield, July 2, 1881, and William McKinley, September 6, 1901.

Six weeks prior to his death Mr. Lincoln had been inaugurated for his second term. The 4 years war was drawing to a close. General Lee surrendered to General Grant at Appomattox Court House, Va., on the 9th of April, and the war was at an end.

The following is the account of the effect of President Lincoln's tragic death on the people and the country, as taken from Appleton's Encyclopedia published in 1887, page 726:

"The death of President Lincoln in the moment of the great national victory that he had done more than any other to gain, caused a movement of sympathy throughout the world. The expressions of grief and condolence that were sent to the Government at Washington, from national, and municipal bodies all over the globe, were afterward published by the State Department in a quarto volume of nearly a thousand pages, called 'The Tribute of the Nations to Abraham Lincoln.'"

"After the lapse of 20 years, the high estimate of him that the world appears instinctively to have formed at the moment of his death, seems to have been increased rather than diminished, as his participation in the great events of his time has been more thoroughly studied and understood. His goodness of heart, his abounding charity, his quick wit and overflowing humor, which made him the hero of many true stories and a thousand legends, are not less valued in themselves; but they are cast in the shade by the evidences that continually appear of his extraordinary qualities of mind and of character. His powerful grasp of details, his analytical capacity, his unerring logic, his perception of human nature, would have made him unusual in any age of the world, while the quality that, in the opinion of many, made him the specially fitted agent of Providence in the salvation of the country, his absolute freedom from prejudice or passion in weighing the motives of his contemporaries and the deepest problems of state gives him preeminence even among the illustrious men that have preceded and followed him in his great office.

"Simple and modest as he was in his demeanor, he was one of the most self-respecting of rulers. Although his kindness of heart was proverbial, although he was always glad to please and unwilling to offend, few Presidents have been more sensible of the dignity of their office, and more prompt to maintain against any encroachments. He was at all times unquestionably the head of the Government, and, though not inclined to interfere with the routine business of the departments, he tolerated no insubordination in important matters."

President Lincoln was indeed a man who loved the common people, and his popularity among the masses during his life, and reverence since his death, is probably due to his homely virtues of gentleness, kindness and sympathy toward humanity, rather than on account of his achievements as a great President.

The popular poet, Sam Foss, well describes this great man's characteristics in his poem, *Let Me Live in the House by the Side of the Road*, one verse of which is as follows:

"Let me live in the house by the side of the road,

Where the race of men go by,
Men who are good and men who are bad,
As good and as bad as I;
Let me not sit in the scorn's seat,
Nor hurl the cynic's ban,
Let me live in the house by the side of the road
And be a friend of man."

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts, to extend the authority of the Postmaster General to lease quarters for post-office purposes, and for other purposes.

Mr. MARTIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MARTIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from California [Mr. KUCHEL].

Mr. KUCHEL. Mr. President, at the conclusion of the session yesterday the Senator from Oregon [Mr. MORSE] raised some points of objection to a portion of the amendment offered by myself and other Senators, and it was then suggested by my colleague, the majority leader, that the amendment go over until today. The reason for the quorum call was because we were endeavoring to find the junior Senator from Oregon [Mr. MORSE]. I called his office. He was presumably at lunch. I am delighted that I now see him walking into the Chamber.

Mr. President, in the RECORD of yesterday, on page 4847, is the text of the pro-

posed amendment, with the penciled addition which was previously agreed to. If I correctly understand the objection of the Senator from Oregon, it is to the first paragraph of the proposed amendment, which I shall now read:

No proposed purchase contract shall be executed under this section unless, prior to the time at which the Administrator—

I might say the same amendment is offered to title 2 of the bill, which deals with the Postmaster General—

has come into agreement with congressional committees thereon, such contract has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such contract is necessary and is in conformity with the policy of the President.

Mr. President, it was suggested during the closing moments of the session yesterday that when the lease-purchase bill came to the Senate and was referred to the Senate Committee on Public Works it constituted a wholesale or blanket authority to the two agencies, the General Services Administration and the Postmaster General, to enter into lease-purchase contracts. The Senate Committee on Public Works believed it was necessary to provide safeguards or restrictions for this new type of authority to purchase buildings on time, and that was the reason why the committee adopted the same procedure which is now in the law with respect to the Department of Defense, by which each lease-purchase contract would be required to have the Committees on Public Works of the Senate and the House come into agreement with the agency making the contracts.

With respect to the present law relating to the Department of Defense, it provides that the annual rental or annual payment must exceed \$25,000 in order to bring into play the provision requiring agreement with the congressional committees involved. So the original discussion in our committee was to the effect that in the case of purchase contracts under this bill, \$25,000 likewise should be the amount, requiring the two agencies to come into agreement with the Public Works Committee of the two Houses.

The Senator from Mississippi [Mr. STENNIS] offered an amendment to reduce the amount to \$20,000, and that amendment was adopted by a majority vote of the committee, although I must, in perfect candor, say that the Senator from Florida and I voted against that amendment on the theory that we should try to follow the existing pattern in the present law.

Yesterday, the Senator from Arkansas [Mr. McCLELLAN] offered an amendment which would provide as to the Post Office Department, and that alone, that lease-purchase contracts in whatever amount should be submitted to the Senate and House Committees on Public Works for their agreement with the proposal of the Postmaster General.

That amendment was adopted. Thereafter, when I called up my amendment, I did not take the opportunity, in the interest of saving time, to suggest the background of it. The amendment now before the Senate is the result of a series of meetings participated in by the

Comptroller General, the General Services Administration, the Postmaster General, representatives of my office, and myself. The three coauthors of the bill were in general agreement in their desire to add additional restrictions.

I do not in any sense claim, Mr. President, to be an expert in the field of lease-purchase contracts. On the other hand, I did have some slight experience with that type of statute in the government of California, but I believe that whatever restrictions can be appropriately added to a grant of authority which is so considerable ought to be added.

It was the Senator from Virginia [Mr. BYRD] who suggested that, from the administrative point of view, the Bureau of the Budget should be required to approve contracts in the nature of lease-purchase before they are sent to the Committees on Public Works of the House and of the Senate. The Director of the Budget will come into the picture as an independent auditor from the standpoint of the Congress, but the reference of purchase contracts to him would constitute a check by an administrative agency of the executive department. The executive department would have, through the Bureau of the Budget, the right to determine in each given instance whether the lease-purchase contract should be approved, and then, under the procedure provided for in the bill, submitted to the two committees.

I think the amendment is an excellent one, and I hope my statement contains an acceptable series of reasons for the Senate to adopt the amendment.

Mr. President, I yield the floor.

Mr. MORSE. Mr. President, I should like to have the attention of the Senator from California as well as that of the Senator from Virginia, because, as the RECORD shows, the matter came up during the closing minutes of the session last night, and although the amendment was at the desk, it was a long one and we did not take the time to have it read, but, agreed to have it printed in the RECORD, consider it overnight, and to proceed with the discussion today.

Let me say I certainly want a check, administratively and legislatively, on lease-purchase contracts.

I put to the Senator from California last night a hypothetical question, which I repeat today because I think it illustrates the point the Senator wanted to have considered:

Let us suppose a proposal is made to erect an office building in California. The two Senators from California urge the bill, as does the entire congressional delegation from California; the administrative agencies downtown think it is a good bill, and they recommend it; the bill then goes to the Director of the Budget. As I understand the amendment, the bill cannot then be referred to the appropriate committee of the Congress unless the Director of the Bureau of the Budget affirmatively approves it.

Mr. KUCHEL. Mr. President, will the Senator yield at that point?

Mr. MORSE. I yield.

Mr. KUCHEL. I point out to the Senator that we are not talking about a bill. The Director of the Budget would have

no bill before him. He would have a contract before him.

Mr. MORSE. Let us substitute the word "contract" for the word "bill" in my remarks, because the point I am raising is identical whether the word "bill" or the word "contract" is used.

Let us assume that the bill which provides for the contract procedure is passed and that the contract procedure has been followed. Let us assume a proposed contract which the Senators from California and the California delegation in the House feel is of great importance because of the necessity of improving the efficiency of the operations of the Federal Government in the San Francisco area. Let us further assume that the departments concerned agree that such a contract should be made.

Under the amendment, as I understand, the contract could not be referred to the appropriate congressional committees for their consideration and approval or rejection unless the Director of the Bureau of the Budget gave his approval. My argument is that that, in effect, gives to the Director of the Bureau of the Budget in the case of such a contract a veto over what otherwise might be the decision of the Congress of the United States, or of the Congress of the United States acting through its appropriate committees.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. MORSE. I will yield when I have finished my argument, so that the Senator may understand my premise.

I certainly want the proposed contract to go to the Director of the Bureau of the Budget. I certainly want his check by way of an adverse report on the proposed contract, if he thinks it is an improper contract from the standpoint of the public interest. But I have difficulty in accepting the proposal that the Director of the Bureau of the Budget should have a veto in the matter, in that the appropriate committees of Congress could not pass their judgment on the operation of legislation enacted by Congress unless they first obtained the approval of the Director of the Bureau of the Budget.

The Senator from California [Mr. KUCHEL], if I understood his argument correctly last evening, although, frankly, we did not go into the subject in great detail because of the lateness of the hour, pointed out that in such an event any Senator then could introduce a bill providing for the construction of the particular building, and go through the process of moving a separate bill through Congress, in order to overrule the decision of the Bureau of the Budget. I think that would be a great waste of time and effort.

As I argued last night, if the Director of the Bureau of the Budget renders an adverse decision on any contract, we can be certain that the presumption will be against the contract when it gets into the committees; and we can also be certain that a very strong case will have to be shown to justify overruling the decision of the Director of the Bureau of the Budget.

I have made this argument on the basis of my understanding of the modus

operandi of the proposed legislation, because it is premised upon what I understood were the affirmative answers of the Senator from California to my hypothetical question.

So I now raise, for the consideration of the Senator from California and the Senator from Virginia, two questions: First, am I correct in my understanding as to how the bill, with this amendment included, would work procedurally? Second, if I am correct, is it necessary to give the Director of the Bureau of the Budget a veto over Congress; or would it not be more in keeping with our system of checks and balances to require that the Director file a report with Congress, and if the report is adverse, then the committees, of course, will have to take action on the basis of the report?

I now yield to the Senator from Virginia.

Mr. BYRD. The Senator from Oregon has substantially stated the amendment correctly, except from the standpoint that the details of the contract would be a matter of dissent, if there should be adverse action by the Director of the Bureau of the Budget, under the general policy of the lease-purchase plan. The amendment provides as follows:

No proposed purchase contract shall be executed under this section unless, prior to the time at which the Administrator has come into agreement with congressional committees thereon, such contract has been approved by the Director of the Bureau of the Budget.

What would happen in that case would be that if there were objectionable features in the contract—for example, if it were too favorable to the person with whom the contract was made—or if it did not conform to the President's policy, the Director of the Bureau of the Budget undoubtedly would confer with the proper agency of the Government and reach a decision which would be protective of the Government.

This is a very revolutionary bill. In my opinion it will involve expenditures of \$3 billion, \$4 billion, or even \$5 billion for the construction of public buildings of all types and descriptions except in the military, which is the only exception made.

The Bureau of the Budget already has power, as the Senator from Oregon knows, to withhold appropriations after Congress makes them. The Bureau of the Budget can place the Government on an allotment of expenditures. The Director of the Budget makes quarterly allotments for expenditure by agencies.

So while the bill places considerable authority in the Budget Bureau, we are placing enormous authority in these two agencies of the Government to make any kind of contract they please, for 10 or 25 years; and then, at the end of 25 years, the Government will own an obsolete building.

I wish to say in all frankness—and the Senator from California [Mr. KUCHEL] understands my position—that I am opposed to the bill, whether this amendment be agreed to or not. I am opposed to the principle. I think that programs for the construction of public buildings should come before Congress

to be authorized; and, if necessary, Congress should provide for the borrowing of money for such a construction program. I am not in favor of borrowing money, but I would rather have the Government borrow money at a uniform rate of interest which the Government will pay, either 2 percent or 2½ percent, than to pay various rates of interest to various individuals in various parts of the country.

Under this plan, the buildings will be subject to local taxation varying from locality to locality, and the cost of the taxes will be added to the bill which the Government will pay. Many other costs will be included. The question of maintenance of the buildings will have to be considered under this unusual situation, whereby the General Services Administration, which represents all the agencies of the Government, except the military, would contract for the buildings.

Under this proposal of lease-purchase, many builders throughout the country will be delighted to construct the buildings, because they will make great profits out of doing so. I should think they would receive considerable profits. In every area of the country, in every county seat, there are 5, 6, 7, or 8 substations of the Federal Government, field agencies of the Government. There representatives will get together and say, "We want a public building." Public demand will be excited. Congress will not have anything to do with it. We will not pass on the requests at all. General Services Administration will make a contract for 20 or 25 years. The contract will include sufficient profit for those who erect the building or the person who owns it, whichever the case may be.

The contract will include payments in lieu of local and State taxes. That will be a tremendous item. It will include interests at rates which may be far higher than the Government normally pays.

I think this amendment affords some protection, if I may say so. The Senator from Oregon and I have been in this kind of battle before. He has stood foursquare always for the principle of protecting the Government. I know he realizes the principle which is involved, and I know he feels exactly as I do about it.

Here is a proposal, I may say to the Senator from Oregon, under which there could be scandals exceeding those which Congress is about to investigate in the Federal Housing Administration. When the bill came to the Senate it did not have this amendment in it, and it did not contain the other restrictions and standards which are now provided in the bill.

The Senator from South Dakota [Mr. CASE], the Senator from California [Mr. KUCHEL], and other Senators, worked with me, and we did the best we could to provide proper safeguards. Standards are now set forth in the bill. The Senator from South Dakota presented a great deal of information, which has been printed. We have considered everything we can think of as safeguards, and after consultation with the Comptroller Gen-

eral, the Director of the Bureau of the Budget, and representatives of other agencies of the Government. I have concluded it will be difficult if not impossible to fix this proposal in all its ramifications, so as not to confront the country again with the conditions similar to those facing us today in connection with the Federal Housing Administration.

The Senator from Oregon has stated his understanding accurately, technically. He always does, especially in a question involving the interpretation of law. Yet for factual purposes the language, "No proposed purchase contract shall be executed," and so forth, is intended, in my opinion, to refer to the details of the contract; that is to say, if a contract were to be made for the payment of an exorbitant price for the construction of a building, or if in other respects the contract were not fair to the Government, then the Bureau of the Budget could oppose it.

Mr. MORSE. I now certainly understand the objective of the amendment much better than I did. I still have my reservation in regard to the power which the amendment seeks to give to the Director of the Bureau of the Budget. But let me say to my good friend the Senator from Virginia that, if I had to vote as of the next minute, I would vote against the bill. I have not been for the bill. I have been waiting to see if the debate could convince me that I am mistaken in my judgment on the bill. I am waiting to listen to the speech which I understand will be made later today by the senior Senator from Washington [Mr. MAGNUSON], who has, I am informed, made a very detailed analysis of what he contends will be the increase in cost of construction of public buildings under the bill.

So my mind still is one of reserved judgment until I have heard the final argument. If someone can convince me by his argument that my presently held opinion about the bill is a mistaken one, I will change my opinion.

I can summarize my opinion very quickly by saying I think the bill will result in added cost to American taxpayers and that it will involve waste. I think this is the place to do some saving. If a Federal building program is needed to meet an economic situation, now or in the future, I believe in meeting it directly. I do not know why the taxpayers of the United States should have to pay, in effect, a middleman, who will make a profit on the construction of a needed Federal building. In my judgment, whenever a Federal building is needed, the Government ought to proceed directly with a contract to construct the building and pay for it out of the Federal Treasury.

Mr. BYRD. I agree with the Senator from Oregon 100 percent. In my opinion, he is exactly correct.

Mr. MORSE. For the reasons I have stated, so far as the principle of the bill is concerned, I think the Senator from Virginia is quite correct when he says it is revolutionary in principle. It is revolutionary in principle so far as the economic policies of our Government are

concerned in connection with public works. If there is a need for the Government to engage in public works in order to construct a particular building, I think it ought to be done directly because I believe the taxpayers' money can be saved in that manner. If a building is not needed, the Government should not proceed to construct it.

Mr. BYRD. Mr. President, if the Senator will yield, I should like to call his attention to one more fact. We have been referring to action by the Budget Bureau. The bill takes authority away from the Congress to determine the building program for all the years to come, so long as the act may be in effect, because under the bill the agencies will be able to determine whether to construct a building at one place or another, and whether to spend one, two, or five million dollars on it. All Congress will be able to do then will be to provide for the payment of an annual rental, which will be applied to the purchase price.

There is another question involved, namely, whether the profits resulting from such construction will be taxed on a capital-gains basis or on a regular taxation basis. That question is seriously involved in the FHA activities, as the Senator knows.

If the bill is to be enacted into law, in my judgment the proposed amendment will be a considerable safeguard; but I am not in favor of the plan of the proposed legislation, because I think its passage will result in the adoption of a revolutionary procedure for the construction of public buildings. The bill provides no limit on the extent to which such buildings can be constructed. If there is a limit on the profits it is vague. It would be practically impossible to accomplish that except by action of the Budget Bureau in examining every individual contract.

Mr. MORSE. I should like to comment on the Senator's remarks. This is the first time I have talked on the bill, which, I may say good naturedly, is quite remarkable for me, I think, the debate having proceeded as long as it has; but I wish to express myself on the principle of the bill.

As I presently understand, subject to changing my opinion if some very persuasive tongue on the floor of the Senate can show I am wrong, I agree with the Senator from Virginia in another observation which he made. I am afraid one of the results the bill will produce will be what I shall call a great deal of community logrolling, with chambers of commerce, and all sorts of other economic groups in a community, including agricultural and labor groups, seeing the possibility of getting some money for the construction of a Federal building. Such groups will proceed to develop a very utopian plan, so far as needs are concerned, and frequently based upon speculation, for the construction of some Federal building.

As the Senator from Virginia has pointed out, I think that will be a danger. Being a democracy, as we are, we know very well how economic groups, motivated selfishly, can try to effectuate their selfish interests by bringing pres-

sure to bear upon congressional delegations for the making of contracts for the erection of such buildings.

I understand all that. It is one of the reasons why I think the bill needs some limitations. But I also have to keep my mind on some basic principles of checks and balances in our system of government. I realize that a one-man rule can, in some instances, seem, at least, to give us more efficient government. Corrupt, bad, and tyrannical government can seem to, also. So I have stood here on the floor of the Senate time and time again for 9 years, as the Senator from Virginia knows, always with my eye on the question as to whether or not there are the checks there ought to be on one-man rule in connection with bureaucrats in the executive branch of the Government.

The responsibilities of the Director of the Bureau of the Budget are great, and I desire to emphasize those great responsibilities. However, I want to avoid giving any man in our Government, be he the Director of the Bureau of the Budget, the President of the United States, the Secretary of Defense, the Secretary of Labor, the Secretary of Commerce, or anyone else, what I have called in the past a veto power on the exercise of a legislative function.

So everything comes down to the question of whether or not I am talking about a legislative function or a purely administrative function. If I am talking about a purely administrative function, then my objection is without merit. If, however, as the bill is presently worded, there is a mixture of administrative and legislative functions, then I do not want to see an administrative officer given a veto over the exercise of a legislative function by a Senate committee.

If my understanding of the bill is correct, when the contracts made under the bill come to the committees for consideration, they come for definite action. They do not come for filing. It is not merely an administrative duty on the part of the officials of the executive branch to file these contracts with the committees.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BYRD. Of course, only a part of the total number of such contracts will come before the committees. It will be only those contracts which involve \$20,000 or more.

Mr. MORSE. The Senator was not in the Chamber last evening. The \$20,000 provision was stricken out by the amendment offered by the Senator from Arkansas [Mr. McCLELLAN], which the Senate adopted.

Mr. BYRD. How does the amendment change it?

Mr. MORSE. The provision that contracts involving \$20,000 or more should come before the committee was eliminated.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. STENNIS. It was discovered that the McClellan amendment, which was adopted, applied only to title II. We will

later ask, on behalf of the Senator from Arkansas, that the situation be made clear by having the change made applicable to title I.

Mr. MORSE. There was no question about what the intention of the Senate was.

Mr. STENNIS. There is a parliamentary question involved. We think the Senate will be consistent and have the amendment apply to title I.

Mr. MORSE. There can be no question about what the intention of the Senator from Arkansas was, either. The Senate agreed to take to conference the McClellan amendment. I am sure in good faith we all believed that all lease purchase contracts should be submitted to the committees for consideration. A question has arisen on the floor of the Senate in debate, and I want to be sure I understand the situation correctly. If I am wrong, I want to be corrected. My understanding is that the purpose of the procedure is not to have such contracts filed with the committees, but to require approval or disapproval by the committees. If that be true, then the bill proposes to handle the matter legislatively, and a legislative duty rests upon the committees in respect to such contracts. So now there is the question as to whether or not, after provision has been made for approval of certain contracts in cooperation with congressional committees, the veto power should be given to the Director of the Bureau of the Budget, or whether we can say or should say, "No; the administrative function continues to the point of approval by the Director of the Bureau of the Budget." In the bill we could have provided legislation to the effect that the contract should be written in the Office of the Director of the Bureau of the Budget—to use an extreme case to illustrate my point. Of course, if it were not possible to get him to write a contract that was favorable to the project, no contract would be submitted to the Congress. So if we wished to follow that course, we could give to the Director of the Bureau of the Budget complete power to write the contract.

However, we have not done that. As I understand the bill, we have provided that the contract shall be prepared by the agency that has jurisdiction over the building, and it shall be submitted to the appropriate congressional committees, unless the Director of the Bureau of the Budget says, "No, this contract"—for some reason of a procedural, phraseological, or policy character—"is not good."

I think the Senator from Virginia has made a very persuasive argument on the point that after Congress appropriates the funds, the Bureau of the Budget does have authority—acting, of course, in behalf of the President—to impound funds. That has happened in the past; I have heard discussions on the floor of the Senate on numerous occasions when the President has impounded funds which have been appropriated by the Congress. Usually he has given his reasons for impounding them, although sometimes he has not felt compelled to give them.

That is very persuasive with me. If the funds can be impounded, and if it

can be said that the money which has been appropriated by Congress cannot be spent at all, that is very persuasive on the point that the Director of the Bureau of the Budget should not be given authority, in effect, to veto the project or the contract.

But I wish to see whether we can get a meeting of the minds on the point of whether we are dealing with a legislative function or with an administrative function or with a mixed function. I believe we are dealing with a mixed function.

I always hesitate to vote to give veto power to men; I prefer to have their vetoes reviewed.

I do not think the review the Senator from California suggests—namely, the introduction of a bill, in order to provide by law that a vetoed contract may be undertaken—is a very efficient way to handle the matter.

Mr. President, I see that my friend, the Senator from Florida [Mr. HOLLAND], who is a member of the committee, and whose views on these matters I treasure, is on his feet, waiting to be recognized. So I should like to yield to him.

Mr. HOLLAND. Mr. President, I appreciate the kind comment of the Senator from Oregon.

I am not one of the sponsors of the amendment, and therefore my interpretation of it will not be so persuasive as would the interpretation of one of its sponsors. However, in reading the language of the amendment, my view is that it is a good amendment, and runs to the point that it seeks to make clear to the committee, before the committee reaches the point where it has submitted to it a proposed contract or a proposed project, that such project is not just the venture of the General Services Administration or not just the venture of the Post Office Department, but has the backing of the President's program, and has been approved from that point of view by the Director of the Bureau of the Budget, and has had the advantage of the additional checking as to the soundness of the project which would come from an agency that serves in general in that field, rather than from one which is specially concerned with obtaining new facilities, and might overlook some detail which might not be as sound as it should be.

So it seems to me the amendment affords additional protection to the congressional committees, in that it assures the committees concerned that the venture has been very carefully studied by an impartial agency, and is regarded as sound from the financial point of view.

I do not regard the amendment as imposing a veto power, because certainly the procedure it calls for is part of the preparatory work done upon the contract or upon the project before it reaches the congressional committee; and any veto power, if there be any, would be in the congressional committee.

I recognize there is substance to the position the Senator from Oregon has taken. However, considering that we are taking action which is very sweeping and very far-reaching, I think it is a good provision to have an additional check made by an impartial agency be-

fore the committees are asked to function. I think the amendment will reduce the number of projects and will reduce the number of times when the committees will be called upon to pass upon such projects.

So, from every point of view, I believe the amendment will be a saver of time, as well as a guaranty of the soundness of the projects.

Mr. MORSE. Then, Mr. President, I understand that the position of the Senator from Florida is—and I think there is great merit in it—that, really, the contract cannot be said to have been drafted until it has reached the headman in the department, so to speak, who in this instance happens to be the Director of the Bureau of the Budget; that even when we say the contract was drafted by the General Services Administration or by any other agency of the Government, all it really was doing was submitting a tentative draft of a contract to the man who under this measure is being given final authority to pass judgment on the contract, and that he really is the keyman in the drafting of the contract. Is that the interpretation of the Senator from Florida?

Mr. HOLLAND. It is. Insofar as the executive department is concerned, he speaks finally for the executive department in submitting a project or a proposal—that is, in my view—which, when it reaches the committees, then has behind it the full backing of the executive department. Therefore, it is merely an additional step in the final preparation of the project, as I interpret the amendment.

Mr. MORSE. Mr. President, I think the explanations and the arguments of both the Senator from Virginia [Mr. BYRD] and the Senator from Florida [Mr. HOLLAND] on the procedure for the final drafting of the contracts are sound. At least, we now have a record that makes very clear where the authority for the drafting of the contract really rests and where the responsibility is to be placed. It is really to be in the Director of the Bureau of the Budget. To use lawyers' terms, the officials of the other departments of the Government really are to be the junior lawyers in a larger law firm, whose legal work has to come to the senior member of the firm, for his final O. K., before the case is taken into court, so to speak—to use an analogy.

With that record as to the intent and purpose of this particular amendment, I withdraw my objection to it, and will support the amendment, with that explanation—making clear, however, that, as of now, I shall certainly oppose the bill, for the general reasons I have set forth.

Mr. HOLLAND. Mr. President, will the Senator from Oregon yield to me again at this point?

The PRESIDING OFFICER (Mr. CARLSON in the chair). Does the Senator from Oregon yield to the Senator from Florida?

Mr. MORSE. I yield.

Mr. HOLLAND. I am disturbed by the statements made by both the Senator from Oregon [Mr. MORSE] and the Senator from Virginia [Mr. BYRD], indi-

cating that, although they regard this particular amendment as one which strengthens the bill, they still have doubt as to the wisdom of the bill.

I wish to call to the attention of both distinguished Senators, who are known for their desire to effect as great economy in Government as is possible—in which objective I like to join them, both now and on any other occasions—

Mr. MORSE. Let me say, Mr. President, that it is certainly true that the Senator from Virginia has a reputation for desiring to effect as great economy in Government as is possible. It happens to be true, in fact, that the Senator from Oregon also entertains that desire, although he does not have that reputation. I would not wish the Senator from Florida to be injured in the slightest by any statement he might make about me.

Mr. HOLLAND. Mr. President, I am basing my statement on my own view of the attitude of both the Senator from Oregon and the Senator from Virginia.

On this matter, I have reached an entirely different conclusion from the one reached by my two friends. My conclusion is based, not upon the fact that the bill has been introduced, or that an occasional fact justifying the bill has developed, but on the fact that during the years in which I have served on the Committee on Public Works, I have had frequent occasions to confer, in particular, with Mr. Reynolds, the able Commissioner of Public Buildings, who I think is one of the finest public servants we have had. He has repeatedly told me and the Committee on Public Works that he has hated to see Government money wasted in the way it has to be wasted under existing law, because existing law does not permit a lease-purchase arrangement under which an equity can be built up over the years in a building that is being rented, and does not permit long-time leases, in most cases. Mr. Reynolds has very frequently called to our attention the fact that Government money was being wasted, as he regarded it, in a very profligate way because of the absence of machinery to permit of long-time leasing, with the additional feature of lease-purchase attached to it.

Not only has such information come to the Senator from Florida from Mr. Reynolds through the years, but he has noted illustrations of it from time to time. For example, in the city of Washington, buildings had to be leased in order to provide housing for necessary Federal agencies, but with respect to many of them the rental arrangements were certainly not to the advantage of the United States, because of, first, the absence of a long-time leasing law, and second, the absence of lease-purchase arrangements.

The Senator from Florida has also discussed the subject with representatives of the Post Office Department, not only under this administration, but under the prior administration. The figures available today are these: There are 3,274 first-class post offices, there are 6,447 second-class post offices, or a total of 9,721. Of that total number, there are only 3,173 post office buildings now owned by the Federal Government,

meaning that something like 6,600 post office operations, coming under either first- or second-class operations, are housed in rented buildings, or leased buildings which, under the present law, I firmly believe, in many cases are not rented under good leases, from the standpoint of the amount of rental which must be paid and the amount of protection which the Federal Government has.

So the proposed legislation comes from a very deep conviction, so far as the Senator from Florida is concerned, that there would be greater economy under such a program as has been proposed by the pending bill, and that the Federal Government would be much better served. In the past the Senator from Florida has rendered professional services to private clients. He does not believe that he knows any of them who would have been satisfied over this long period of years with such an unsatisfactory and inefficient program as that which exists under present law, both with respect to the absence of long-time leasing legislation, and with respect to the absence of any lease-purchase arrangement under which an equity can be acquired over a period of years in an orderly way.

The Senator from Florida, instead of thinking that this is wasteful legislation, believes that it should be very economical legislation; and because he is so hopeful that it will be of that type, he wishes to see all the additional safeguards that can be written into the bill placed in the bill, such as the one suggested by the three distinguished Senators who are sponsors of this particular amendment, bringing in the Budget Bureau, and the safeguard relating to the saving of very material jurisdiction to the committees of Congress. The Senator from Florida wants this legislation, if possible, to function in such a way as to bring about much greater economy and efficiency than is now possible. He believes that such a result can be accomplished. Therefore, he has been distressed to hear the pronouncements—though I did not understand they were final—made by the Senator from Oregon [Mr. MORSE] and the Senator from Virginia [Mr. BYRD] with reference to their attitude toward the proposed legislation.

Mr. MORSE. Mr. President, I appreciate the viewpoint expressed by the Senator from Florida, which I shall weigh very carefully. I shall withhold final judgment pending the speech of the Senator from Washington [Mr. MAGNUSON] this afternoon. I am advised that he has prepared a very careful breakdown of the operation of the bill with respect to the question of its ultimate cost to the taxpayers of the country. If what I understand to be the premises of that speech can be sustained by the proof presented in support thereof, we shall be presented with a different point of view over a question of fact. If the figures of the Senator from Washington are sound, I repeat that the result of the overall operation would not be a saving to the taxpayers, but would amount to very uneconomical operation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. KUCHEL].

The amendment was agreed to.

Mr. STENNIS. Mr. President, yesterday afternoon the Senator from Arkansas [Mr. McCLELLAN] proposed an amendment to the committee amendment in lines 6 and 7 on page 11, under title II of the bill. That amendment was agreed to. The amendment of the Senator from Arkansas to the committee amendment struck out, on page 11, line 6, after the word "agreement," the words "calling for the expenditure of more than \$20,000 per annum."

The Senator from Arkansas and the Senate overlooked the fact that, to be consistent with that action, the bill should have been amended in like manner on page 4, lines 11 and 12, and including the first word in line 13, by striking out the same language.

The Senator from Mississippi is advised that the committee amendment on page 4, line 12, striking out "\$50,000" and inserting "\$20,000", has already been agreed to, and that reconsideration of the vote by which the committee amendment was agreed to requires unanimous consent, for the purpose of offering an amendment to strike out the same words as were stricken out on page 11 yesterday afternoon, thereby making the bill consistent and carrying out the purposes of the Senate as reflected in that action.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. KUCHEL. I wish to make a parliamentary inquiry. First, let me say that I fully agree with the Senator that when the so-called McClellan amendment was agreed to yesterday it indicated the sense of the Senate with respect to the type of contract which should come to the committees in each House.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. The provision of the bill to which the Senator from Mississippi is now referring, relative to the agreement of the committees to certain contracts, was sought to be amended the other day by the Senator from Illinois [Mr. DIRKSEN]. His amendment was defeated. I believe that a motion to reconsider that vote was laid on the table. I have been told that that action would foreclose the proposed unanimous-consent request.

The PRESIDING OFFICER. The Chair wishes to state that the motion was not made to lay on the table the motion to reconsider.

Mr. KUCHEL. I am sure that I speak for the committee when I say that in my judgment no member of the committee would object to the proposed amendment.

The PRESIDING OFFICER. Without objection, the amendment suggested by the Senator from Mississippi, namely, in line 11, after the word "agreement", to strike out "calling for the expenditure of more than \$20,000 per annum", is agreed to.

Mr. STENNIS. I thank the Chair. Let me say that the suggestion for this change was made on behalf of the Senator from Arkansas [Mr. McCLELLAN], who is necessarily absent from the Chamber at this time.

The PRESIDING OFFICER. The RECORD will so show.

The bill is open to further amendment.

**ORDER FOR RECESS TO MONDAY—
ORDER FOR CALL OF THE CALENDAR ON MONDAY**

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its business this evening it stand in recess until 12 o'clock noon on Monday next, which is in conformity with the announcement which I have made prior to this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California?

Mr. BYRD. Mr. President, what is the request?

Mr. KNOWLAND. The request is that when the Senate completes its business today it stand in recess until 12 o'clock noon on Monday next, which would be a recess over Good Friday and Easter Sunday.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. Mr. President, I have previously announced that on Monday next, when the Senate reconvenes, there will be only a call of the calendar for the consideration of measures to which there is no objection, beginning at the point where the previous call was concluded. The request I am about to make is pursuant to the prior announcement.

Mr. President, I ask unanimous consent that the calendar of bills to which there is no objection be called on Monday, and that the call begin at the point where the last call of the calendar left off, with order No. 1149.

The PRESIDING OFFICER (Mr. CARLSON in the chair). Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. Mr. President, when the Senate completes the call of the calendar on Monday next I shall not be present. However, the majority whip, the Senator from Massachusetts [Mr. SALTONSTALL] will be serving for me as acting majority leader. I have discussed with him and with the minority leader the announcement I am about to make. It is that after the call of the calendar the Senate take a recess until Tuesday. In other words, no controversial legislation will be brought up on Monday.

On Tuesday, when the Senate reconvenes, it is my intention to have the Senate consider the wool bill, which we expect to make the unfinished business of the Senate later today before the Senate recesses until Monday.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post office purposes; and for other purposes.

Mr. STENNIS. I call up the amendment offered by the Senator from Oregon [Mr. CORDON] and myself, and I ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 3, at the end of line 2, it is proposed to insert the following:

Every lease purchase contract entered into pursuant to this title shall provide for equal annual payments and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$4 million is hereby established for such purpose.

On page 11, between lines 15 and 16, title II, insert the following:

(i) Every lease purchase contract entered into pursuant to this title shall provide for equal annual payments and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$1 million is hereby established for such purpose.

Mr. STENNIS. Mr. President, as I said, the amendment is offered by the Senator from Oregon, and I join him in offering it.

The Senator from Oregon is temporarily absent from the Chamber but is expected to return momentarily. I shall take the liberty of proceeding to make a few brief remarks in connection with the amendment, with the expectation that the Senator from Oregon will present his views. I shall yield to him when he returns to the Chamber.

The Senator from Mississippi feels that there should be a ceiling placed in the bill as to title I, which applies to the General Services Administration, and as to title II, which applies to the Post Office Department.

That is in keeping with good practices. The amendment which I have drawn up, with the intention of offering, would put a permanent ceiling for each year of operation of the act as to title I and as to title II.

However, after reading the amendment submitted by the Senator from

Oregon [Mr. CORDON], I decided to join with him in his amendment, because it has exactly the same purpose in view.

It sets a definite statutory limitation or ceiling on the amount of money which can be paid out for rent under each title for the first year of operation, and for subsequent years it leaves it up to the Committee on Appropriations to put a ceiling on the amount of money which can be paid out for lease-purchase contracts each year.

The reason the figure is set for the first year is because there will not be time this year for the Committee on Appropriations to establish the ceiling.

I may say for the benefit of the Senator from Oregon [Mr. CORDON], who has just entered the Chamber from some other duty, that the Senate has reached the point of considering his amendment. The Senator from Mississippi has offered it on behalf of the Senator from Oregon and was merely making a very brief statement.

I now yield to the Senator from Oregon for the presentation of his amendment.

Mr. CORDON. If the Senator will yield for a moment, I should like to have him complete his statement. I shall be very happy to have him do so.

Mr. STENNIS. I appreciate the courtesy of the Senator from Oregon. As I was saying, Mr. President, the limitation is placed in the amendment itself so far as the first year's operation of the bill is concerned, because there will not be time for the Committee on Appropriations to consider the matter and set the limitation. Thereafter the Committee on Appropriations will have time and will have an opportunity to study the subject, and it will come through in the orderly channels, and the limitation will be established at that time.

I yield the floor.

Mr. CORDON. Mr. President, I am sorry that I did not have an opportunity to hear the complete statement of my friend and colleague and cosponsor, the Senator from Mississippi [Mr. STENNIS], because I do not like to replot ground. However, I shall not take much time in any event. The amendment was prepared and is offered because of the considered view of its sponsors that all legislation on the Federal level should, so far as possible, follow a common pattern.

It is important, Mr. President, that that be done insofar as it can be done, because the pattern of legislation, the pattern of administration, even as is true of the pattern of judicial decision, as it is followed in this country today, is the accumulated result of many years of experience. Were it not that we could use the knowledge gained from the experience of yesterday, and all our yesterdays, there could be no hope in this world for self-government.

It is absolutely essential that we learn from our errors of the past, so that we may not duplicate them. It is essential that we have at hand knowledge of the wise action of the past, so that we may follow it.

No better example of the necessity of proceeding in that way could be pre-

sented to any legislative body than the one that is now before the Senate. I am not speaking about the pending measure. I refer to the statements which have been heard on the floor of the Senate with respect to the deplorable record that has been made by the executive department in connection with the Federal Housing Administration.

Mr. President, the housing law was created hurriedly in order to meet an emergency, which had been created as the result of some 12 years of depression and 4 years of war. It was necessary, Mr. President, that housing be provided, and be provided immediately. We went to every possible extent to answer that need. We even went to the extent of deliberately conferring by law power beyond all reason. We are now, Mr. President, harvesting the bitter fruit of that mistake. We should not today duplicate the mistake.

True, we face the necessity of undertaking a stupendous building program to house agencies of the Federal Government. True, we are not in a position to borrow more money in great amounts for that purpose. True, we can bridge our immediate difficulties and provide for our immediate needs by the type of procedure authorized by the bill. I wish it to be understood that I do not oppose the purpose of the bill. But, Mr. President, we must throw safeguards around any action by Congress which tends to transfer to any executive department, agency, or official power in any degree. That is essential.

One lesson which all the weary years of Government have taught is that the great danger lies in power itself. Not power arrogated by an individual to himself, but power after it may have come into being. I undertake to say, Mr. President, that the fact that this Nation has been able through the years to reach its present standing in the world rests to a very great extent upon the fact that our forebears so contrived that no extraordinary power could ever be exercised by any individual or any group in any department or division of government. That was the reason for the tripartite departmental government concept. That was the reason why the power of the purse was reposed in the Congress. And, Mr. President, that is the reason why my colleague from Mississippi and I are offering this amendment today, so that the power of the purse will still rest in the legislative department.

The purpose of the amendments, Mr. President, is simple. The two amendments have exactly the same purpose. They are divided solely because there are two titles of the bill which are necessary by virtue of the existing practice of construction in the Post Office field being done by that Department, and construction in the civilian field being done by the General Services Administration.

As the bill came from the committee it carried a provision which the Public Works Committee believed was absolutely essential if the bill was to be favorably reported, namely, that there should be a legislative check upon the power which was extended to enter into contracts and, thereby to create on the part of the Federal Government, obligations to pay vast

sums of money, running over a long period of time. It was deemed advisable that such obligations should be created without any safeguards whatever in the way of review by any group, so as to assure that the contracts were made only after public notice, bidding, and so forth. The committee felt that the check should be simply that of requiring agreement between the construction body, that is, the General Services Administration in the executive department, and the two Committees on Public Works of the two Houses.

Mr. President, that is a check. It could be most helpful. It might be adequate. But, Mr. President, we must, I think, always have in mind that the ultimate test of a law is not what is being done under the law; the test is what can be done under the law. If we use that test, and, in using it, assume that the law may be maladministered or nonadministered, we will have a sound legal pattern.

In this instance the step indicated by the committee was good, insofar as it went. It was irregular, however, in that the check was a check by a few Members of the two Houses, not by the total voting membership of the two Houses.

There is outstanding personnel on the Public Works Committee of the Senate, and there is also outstanding personnel on the Public Works Committee of the House. I would not question that for a moment. I doubt, Mr. President, that any action taken by those two committees in concert would ever be questioned. I feel, however, that the Senate and the House of Representatives owe to their membership on those two committees that the full House and the full Senate take each its share of the responsibility of making the check.

The Byrd amendment, which I believe has been adopted, goes further in establishing checks. It establishes standards, and standards are valuable. It sets up a condition precedent of approval by the Bureau of the Budget. That is helpful. But, still, Mr. President, the Congress of the United States, which, in the last analysis, is the legislative department of the United States, does not pass upon this program as it is developed and carried out. This amendment simply requires that that be done. It provides, in substance, as I am sure the Senator from Mississippi [Mr. STENNIS] advised the Senate before I reached the floor, that contracts to be entered into for lease-purchase of real property as in the bill described shall not require annual payment for any given year which, plus the aggregate of the annual payments on other contracts, shall exceed a specified limitation placed in the law by the two Houses after consideration by the Appropriation Committees.

That means that the program, in the ordinary course of our practice, would be presented to the House Committee on Appropriations as an expenditure program. That committee would determine the extent to which the program properly could fit into the financial program of the United States Government, considering all the other commitments of the Government, and considering the time element. The House committee then would adopt the program as sub-

mitted, or it would adopt a smaller program, or it would refuse to adopt any program.

The matter then would be reported by the Committee on Appropriations to the floor of the House, and there it would be debated. Those in favor of the bill would have their day in court. The committee itself would be heard, and the whole House would pass judgment.

The bill then would come to the Senate, and the same procedure would be followed in this body.

The construction agency, General Services Administration, supported by whatever agencies needed the particular improvements or real property, would come before the Senate committee and make its case. It would correct any statements which had been misunderstood, and would supply any other facts which it felt the committee should have. Another committee of Congress, the Senate Committee on Appropriations, would then review the matter. It would take action and recommend a figure to the Senate, where again the matter would be debated.

If, as a result of the Senate's action there was provided a figure different from that of the House or there were other differences, then in conference there would be reconciliation, there would be a decision, and the action of the conferees, in turn, would go to the two Houses. The final action, of course, would require approval by the President of the United States.

In this way, Mr. President, we would be not only retaining the power of the purse but we would be saying to the Members of Congress at this time and at all future times that one of their obligations is to ride herd in supervision of the program, a program which conceivably could go not only as high as \$3 billion but I suspect could go far beyond that.

Mr. STENNIS. Mr. President, will the Senator yield in connection with the figures?

Mr. CORDON. I am happy to yield.

Mr. STENNIS. I have in my hand a statement from official sources showing the amounts paid by the General Services Administration each year for rents and leases. The total estimated figure shown for the fiscal year 1955 is \$43 million so the Senator's amendment would provide a little less than 10 percent of the amount which is currently being paid annually for rented property. That is a generous figure, I should think—certainly generous enough—and it will not hamper the program in the least.

I desire to have the Senator's comments on certain other facts. From the Post Office Department the estimated rent and lease figure for the fiscal year 1955 is \$37.4 million. The Senator's amendment would permit only \$1 million. But, as I understand, there has been a conference with the Post Office Department representatives. Would the Senator from Oregon cover those two points?

Mr. CORDON. The Senator from Mississippi is correct. The \$1 million figure was deemed by responsible officials within the Post Office Department to be adequate for the first year of the operation of the act. The \$4 million figure was

deemed to be adequate by the General Services Administration. Neither figure is anything more than a "guesstimate" for the first year of the operation of a new program, an utterly new departure in the matter of administrative and appropriative law in the United States.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. CORDON. I am glad to yield.

Mr. KUCHEL. The amendment offered by the Senator from Oregon adds another restriction to the bill. It does not eliminate any of the features involved in the bill, does it?

Mr. CORDON. The Senator from California is correct.

Mr. KUCHEL. As I understand, it is not the intention of the Senator from Oregon to eliminate any of the restrictions now in the bill, but to include this one in addition.

Mr. CORDON. The Senator is correct, although I would be less than frank if I did not add to my answer the thought that I believe that in conference some of the restrictions could be avoided by a more careful study of all of them, and the application only of those which can be integrated and which will serve the purpose of providing appropriate restraint.

Mr. KUCHEL. I think that by inadvertence an error has crept into the amendment on page 2, line 9. Should not the word "Administrator," by unanimous consent, be changed to "Postmaster General?"

Mr. CORDON. That change should be made, if the Postmaster General actually, under the terms of the bill, would be handling the construction; yes.

Mr. STENNIS. Mr. President, will the Senator yield for a further question?

Mr. CORDON. I yield.

Mr. STENNIS. It seems to me that \$4 million in rent for 1 year is a rather large figure within itself. Would the Senator from Oregon venture an estimate of what he thinks, based on all the facts he has before him, he should recommend to the Committee on Appropriations as the amount which should be fixed as an annual limitation?

Mr. CORDON. The senior Senator from Oregon, assuming this sort of language to be in the law, and assuming the passage of the bill, would approach the matter substantially in this wise: The Committee on Appropriations should ask the construction division of the executive department for a statement of an overall program, such a program as would, over a reasonable period of years, develop the sort of adequate quarters which the Government needs. Taking into consideration the quarters now used, the executive department could submit an estimate of its needs for other buildings, the rate of rental, and so forth, and work out a sound program.

After the committee has received the overall, basic information essential to a sound program, and having worked it out, let that be the pattern for future years.

I am not deluding myself at all, as my colleague knows. On more than one occasion we have had a program worked

out in the Committee on Appropriations, and it has gone awry. We have had many such programs. This one also might not be followed. But I am certain of one thing. If error creeps in, it will be in favor of the financial stability of the Government, and not against it.

Mr. STENNIS. I thank the Senator from Oregon.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CORDON. I yield.

Mr. CARLSON. I sincerely appreciate the statement which the distinguished senior Senator from Oregon has just made in regard to some of the restrictions which have been placed in the bill. I am greatly interested in the proposed legislation. I earnestly hope that Congress will approve it and that it will become law.

I have been fearful that so many restrictions have been written into the bill in the past few days that the bill may be inoperative. In view of the statement just made by the distinguished senior Senator from Oregon, to the effect that the committee of conference would no doubt have an opportunity to check on the restrictions contained in the bill and agree to a measure that will be helpful to the Government, my fears have been somewhat allayed.

I think the bill has great possibilities. Personally, I cannot conceive of the Federal Government continuously spending millions of dollars annually for rentals, while not making any effort to provide a program which would give the Government an equity in any of the buildings. While I appreciate the steps that have been taken, I have been greatly concerned about the restrictions. In view of the statement that has been made by the distinguished senior Senator from Oregon, I am hopeful that the committee of the conference will report a satisfactory type of bill.

Mr. CORDON. I thank the Senator from Kansas. I join with him in the views he has expressed.

Mr. President, with the consent of my cosponsor, I amend our proposed amendment, on page 2, line 9, by deleting the word "Administrator" and inserting in lieu thereof "Postmaster General."

Mr. STENNIS. Mr. President, I shall not detain the Senate. I believe the Senate is ready to vote on the amendment.

I wish to say, though, as a member of the Committee on Public Works who voted for the bill without any ceiling being provided, on further consideration I am firmly convinced that there ought to be a definite ceiling placed in the bill. The Senate is discussing what will be taken to conference and what may come back from conference. I do not desire to tangle the bill with a lot of unnecessary restrictions as such, but I certainly hope that if the amendment is adopted, it will be taken very seriously by the Senate conferees as one of the major points to be insisted upon in conference with Members of the House.

Mr. President, I think the facts concerning the bill are before the Senate, and I yield the floor.

Mr. KUCHEL. Mr. President, when the Committee on Public Works was attempting to add to and to perfect the bill as it passed the House, there was a feeling that there should be a series of restrictions on the authority granted. That question has been pretty generally discussed on the floor of the Senate. There was an overwhelming feeling in the committee that the same type of restriction which now applies in the case of the Department of Defense should be provided by this bill, and so we adopted the language "come into agreement" with the Committees on Public Works.

On the floor of the Senate a question was raised some days ago as to whether the Senate should agree to the amendment adopted by the committee. The Senate, by a vote of 60 to 8, stood by the committee and the restrictions which the committee had written into the bill.

I believe there is much merit in the position taken by the Senators from Oregon and Mississippi in regard to the amendment now proposed, and I think it ought to be considered and adopted by the Senate, but it should not be taken to conference, Mr. President, with the idea that it may be used to eliminate the restriction which the Senate, by a ye-and-nay vote, chose to adopt.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Oregon [Mr. CORDON] for himself and the Senator from Mississippi [Mr. STENNIS].

The amendment, as modified, was agreed to.

THE GENERAL MOTORS TANK CONTRACT

Mr. KEFAUVER obtained the floor.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Tennessee may yield to me in order that I may suggest the absence of a quorum, without his losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEFAUVER. Mr. President, the long-abiding conflict in southeast Asia now threatens to destroy the precarious balance between stalemated peace and world war.

The President and certain officials of his administration obviously have undertaken a program to educate our people to the dangers of the immediate future. It is wise that they should do this, although it is perhaps unfortunate that they have not undertaken it before.

Mr. Roscoe Drummond, of the New York Herald Tribune, put it this way the other day:

If the Government is to get support for what needs to be done to avert calamity in Indochina, then the administration will have to trust the people with the facts. My impression is that the American public is not afraid to face the facts and that some administration officials had better be afraid to face the people if they don't deal more openly with the facts.

If we use the facts at hand, we need not be caught in a state of psychological and physical unpreparedness, whatever might be our lot in the weeks and months to come.

To solve the problems presented to the free world by Indochina, the so-called New Look in defense and diplomacy is not enough. I think the American people are getting a little tired of this controversy over the Old Look versus the New Look. What the people of this country want is a Good Look—a sound, sensible appraisal of the Indochina situation upon which to base necessary action. And I think they will demand a sound preparedness production program here at home, too.

For several months, I have been giving considerable study to a highly important phase of our armed preparedness: the procurement of tanks for the Army.

I am discussing this matter not only because of the importance of tanks in connection with our Defense Establishment, but because I believe the principle represented in tank procurement is important in connection with the general procurement having to do with our Armed Forces.

I thought it was most alarming when the Army announced last September that it was awarding a \$208,000,000 contract to Fisher Body, a General Motors Corp. subsidiary, for the exclusive production of M-48 tanks.

The General Motors Cadillac branch already is making light tanks for our Armed Forces. Soon the General Motors Corp. or its subsidiaries will be the only producers manufacturing tanks for the Armed Forces of the United States.

It was announced that the General Motors bid on the M-48 contract was 10 percent below that of the next lowest bidder, the Chrysler Corp. Tank contracts formerly were held by General Motors, Chrysler, the Ford Motor Co., and the American Locomotive Co., at Schenectady, N. Y., although the Ford Motor Co. and the American Locomotive Co. have been out of the tank business for several months.

Feeling that it was a dangerous policy to concentrate so much defense business in one company—a company that already is producing 50 percent of the Nation's automobiles, and has billions of dollars' worth of Government contracts—I asked the chairman of the Armed Services Committee to schedule a hearing on the proposed M-48 tank contract.

The Senator from Massachusetts [Mr. SALTONSTALL], the chairman of the Armed Services Committee, graciously assented, and various interested parties,

including the Army, were notified that the hearing was to be held on January 29.

When the hearing opened, one of the first things we discovered was that the contract had been signed on the previous day, January 28. That action, which the Army insisted was pure coincidence, struck me as a deliberate show of contempt for a prerogative of the Congress in an area in which Congress had a legitimate interest. The representatives of the Department of Defense knew, for weeks in advance, that the hearing was scheduled on the question of the wisdom of the policy of placing all our tank production orders in one company; and in the face of the approaching hearing on that very important subject matter, they finally signed the contract the day before they came to the hearing—apparently feeling they could terminate the consideration or the hearing very quickly by simply saying the order was already an accomplished fact.

During that hearing, and at a subsequent one on March 11, the Army pleaded economy as justification for putting all of our tank-defense eggs in one corporate basket. Both the Under Secretary and the Deputy Under Secretary of the Army testified that the Defense Department would save \$18 million by placing the contract with General Motors.

Mr. President, I think it can be conclusively shown that, in the long run, that is very false economy, indeed.

Analysis of the contracts shows that Chrysler was low on overhead, low on labor, and low on profit, but high on materials. A big difference between the General Motors bid and the Chrysler Corp. bid was in what they had to pay for the parts going into the assembly of the tanks. General Motors was going to make a larger profit than the Chrysler Corp. would make. General Motors' labor costs would be higher, and their overhead would be higher, but they were able to obtain certain component parts at a cheaper price than the Chrysler Corp. had to pay for them. To some extent, at least, this situation results from the fact that some parts of the tank, by Government specification, must be obtained from General Motors subsidiaries, which bid one price to the parent body, and another to a competitor.

In other words, a part of the difference arose because of the fact that subsidiaries of General Motors would sell to General Motors at a price cheaper than the one at which they would sell to the Chrysler Corp. In my opinion, that situation raises a very serious question as to whether by means of this exclusive contract, the Government is encouraging a violation of the Robinson-Patman Act.

Mr. President, we know that under the Robinson-Patman Act a producer is not supposed to sell to a subsidiary, or vice versa, at a price cheaper than the price charged to a competitor. Of course, there are certain exceptions.

On the other hand, certain earmarks indicate that by allowing General Motors' subsidiaries to sell to the Fisher Body Co. at a price lower than the one at which they sell to the Chrysler Corp.

the Government itself is condoning or participating in a violation of the Robinson-Patman Act, which the Federal Trade Commission and the Department of Justice are required by statute to enforce.

Mr. President, during the hearings before the Armed Services Committee on this very important matter, I also brought up the question of whether the Army had considered that it might be contributing to bringing about a monopoly position on the part of General Motors—that is to say, whether the armed services, by placing all the tank contracts in General Motors, along with billions of dollars' worth of other contracts, were themselves bringing about a situation whereby General Motors might find itself in violation of the Sherman antitrust law. The Assistant Secretary of the Department of Defense and the counselor and the other representatives of the Department were asked whether they had considered such a possible violation of the Robinson-Patman Act and the Sherman antitrust law. They said they had not even considered it.

However, Mr. President, we know that under the decisions of the Supreme Court, particularly in the Aluminum Co. case, which was decided by a special court set up because so many members of the Supreme Court were disqualified to sit on that case, and also under the Supreme Court's decisions in the American Tobacco Co. case and in many other cases, there is considerable question as to whether General Motors is getting itself into such a position that it will be in violation of the antitrust laws of the Nation.

Mr. President, very little attention was paid to the assertion I made in connection with the monopoly matter at the hearings a month or 6 weeks ago. However, I notice that, according to an Associated Press dispatch of today, April 15, apparently the Department of Justice is also concerned about the approaching monopoly position of General Motors. I read from the dispatch:

WASHINGTON, April 10.—Justice Department antitrust experts who have been looking into various phases of the automobile business said today they may be able to decide within 60 days whether court action will be taken.

Assistant Attorney General Stanley M. Barnes, who heads the Antitrust Division, said that "the Department is genuinely concerned about the concentration of production in General Motors and Ford, and the loss of business to other manufacturers, particularly the independents."

"We are certainly interested in figures which show a continuing shift to Ford and GM, which indicates that they are moving toward a monopoly position."

Barnes declined to discuss the nature of possible litigation being studied, but indicated that it would not take the form of a monopoly suit.

From the figures it does not appear that the Ford Motor Co. is getting any large amount of Government business. The facts are that contracts such as the tank contracts are being taken away from Ford and concentrated in General Motors.

The situation is very unusual. The Department of Justice is seriously con-

United States Ambassador Donald Heath and a party of high-ranking Indochinese officials were waiting to greet General O'Daniel when his plane arrived from Honolulu.

Then the article points out that we maintain a sizable mission in Indochina, and that this very able and brilliant American general was believed to be about ready for retirement until this assignment was given to him.

Mr. President, I ask unanimous consent to have the entire article printed at the conclusion of my remarks, as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, the part of the article which particularly concerns me is a paragraph which reads as follows:

Lt. Gen. Earle Partridge, new United States Far East Air Force commander, arrived in Saigon yesterday. He will fly to Hanoi for conferences with Gen. Henri Navarre, French Supreme Commander in Indochina.

General Partridge's headquarters in Tokyo announced a squadron of United States Air Force C-119 flying boxcars will be sent to Indochina to build up the airlift of supplies to French forces.

The announcement was the first confirmation of the fact that the Air Force is maintaining an airlift of war materiel to Indochina.

Mr. President, I think that language is clear enough to support, at least, the implication that we are stepping up the tempo of American participation in the Indochina war. Of course, Mr. President, we can call it a military mission or we can call it support by way of materiel. We do not get it there through a vacuum; we get it there through American personnel. To me, a boy flying in a so-called Air Force boxcar is just as precious as is a boy flying in a fighting craft.

I think the American people are entitled to know, and to know quickly, from this administration how many boys we intend to send there with this kind of support, because when they are there, Mr. President, there are some very definite obligations we owe to the flag which is behind the Presiding Officer's chair to see to it that those boys are protected. They must be protected.

The apparent speedup described by this newspaper article is a policy which should be reviewed by the Congress. I think it is high time that the President, the Secretary of State, the Chiefs of Staff, and the head of the Defense Department should make available to the elected representatives of the people what their blueprint is, if they have one, and if they have not one, we should have an answer to the question, "Why have you no blueprint?" We cannot, or should not do what this newspaper article indicates is being done without a plan or policy.

I repeat, Mr. President, if facts are presented to show that we should intervene militarily in Indochina, here is one person who will stand behind the President in that intervention. But we have a right to know what the policy is in advance of the intervention. I do not think we should "kid" the American people about it, either. I do not think

that by the use of the language that the Air Force is maintaining an airlift of war material to Indochina, transported by American military personnel to the fighting fronts of Indochina, we should lead anyone to believe that that does not constitute a military intervention, because the maintaining of a supply line is important to a military intervention.

BIPARTISAN CONSULTATION REQUIRED

This question, in my judgment, concerns the American people above all other questions. The administration's plans in Indochina, whether by way of intervention militarily or by way of any other terminology it wishes to use to describe it, is a matter of policy which ought to be made clear to the elected representatives of the people on a purely bipartisan basis. Bipartisan consultation simply does not exist as of this hour. I, for one, do not like to pick up the newspapers and to read about this policy by way of an accomplished fact, such as this story indicates today. My colleagues on the Committee on Foreign Relations and the Committee on Armed Services, when I speak to some of them, say, "I do not know anything more about it than I have read in the story myself."

I believe that the strategy which the administration has followed to date in regard to the Indochina matter certainly is not in keeping with its clear obligation to present the facts to the American people with respect to what the policy is to be in Indochina, because it happens to be the boys of the Nation who will bleed in support of that policy. It is necessary for Congress to make certain that it is a sound policy.

I am one Member of the Senate who never will accept the premise that the policy ought to be determined by the President of the United States and military personnel without close scrutiny and check by the elected representatives of the American people in the Congress of the United States. It simply happens to be my opinion that the Constitution of the United States should apply, so far as its checks are concerned, in emergency situations, at least when time is available in which to apply it—and certainly there has been time and there still is time.

Therefore, I call upon the President of the United States to proceed to give the American people the facts, which he has not done up to this hour, in regard to his blueprint concerning Indochina.

EXHIBIT 1

HEADS ADVICE MISSION—IRON MIKE FLIES TO INDOCHINA

HANOI, INDOCHINA, April 15.—Lt. Gen. John W. (Iron Mike) O'Daniel flew into Saigon today to take command of the United States military mission in Indochina.

United States Ambassador Donald Heath and a party of high-ranking Indochinese officials were waiting to greet General O'Daniel when his plane arrived from Honolulu.

The general, a veteran of Korea, was United States Army commander in the Pacific before he received the Indochina assignment.

The United States maintains a sizable mission in Indochina as it does in most countries receiving American military aid. Members of the mission give advice on the use of United States equipment and supplies, but do not take part in actual military operations.

The choice of an officer of General O'Daniel's rank and standing for the Indochina job emphasized America's growing interest in the war here. The general had been believed ready to retire when he was tapped for the post.

American officials hope he will be able to help the French intensify and improve the training of loyal Indochinese troops like those battling the Communist "mole men" who today tunneled within 15 yards of a key outpost at encircled Dien Bien Phu.

FRENCH COUNTERATTACK

The Communists, armed with mines and homemade torpedoes, wriggled through barbed-wire entanglements northwest of the fortress. French and loyal Indochinese quickly counterattacked.

It was the second straight raid in two nights on the outpost protecting the airstrip, long closed by rebel antiaircraft fire.

Early yesterday Reds surged onto the airstrip and blew up sections of steel matting with explosive-packed bamboo canes.

Through the night, French transports shuttled back and forth from Hanoi, 180 miles east of Dien Bien Phu, to drop arms, food, water, and medicine to the 11,000 defenders.

Gen. Christian de Castries' men had expected the Reds to make a final mass assault at any moment, with the hope of capturing the fortress before the rainy season begins.

But weathermen said the start of the monsoon season was at least 10 days away now, giving the Reds more leeway for planning their next assault.

There was some speculation that even though the Reds have built up their attack force with reinforcements, they may abandon the costly attempt to take the fortress. Communist radio broadcasts of the past few days have been minimizing the importance of Dien Bien Phu.

Lt. Gen. Earle Partridge, new United States Far East Air Force commander, arrived in Saigon yesterday. He will fly to Hanoi for conferences with Gen. Henri Navarre, French supreme commander in Indochina.

General Partridge's headquarters in Tokyo announced a squadron of United States Air Force C-119 Flying Boxcars will be sent to Indochina to build up the airlift of supplies to French forces.

The announcement was the first confirmation of the fact that the Air Force is maintaining an airlift of war materiel to Indochina.

AMENDMENT OF MERCHANT MARINE ACT OF 1936—REPORT OF A COMMITTEE

Mr. MAGNUSON. Mr. President, from the Committee on Interstate and Foreign Commerce, I report favorably, with an amendment, the bill (S. 1878) to amend the Merchant Marine Act of 1936, as amended, and I submit a report (No. 1212) thereon.

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar.

Mr. MAGNUSON. The bill applies to the valuation of vessels under the War Risk Insurance Act. The report is very complete. The bill is a technical one, but I think it will be passed promptly by the Senate. I hope it will be on the calendar on Monday. I do not think there will be any opposition. The bill will clear up many questions which are now somewhat in doubt under the act.

I now desire to speak on another subject.

The PRESIDING OFFICER. The Senator from Washington has the floor.

CREATION OF A NEW 11TH JUDICIAL CIRCUIT AND APPOINTMENT OF ADDITIONAL JUDGES IN THE 9TH JUDICIAL CIRCUIT

Mr. MAGNUSON. Mr. President, I intend to introduce a bill which would create a new 11th judicial circuit, and would provide for additional judges to serve in the 9th circuit, and also for a division of the 9th circuit.

I desire to read into the RECORD a letter from Chief Judge Williams Denman, of the United States Court of Appeals, for the Ninth Judicial Circuit, which explains the reason for the bill, as follows:

DEAR SENATOR MAGNUSON: The huge migration into the States of the ninth circuit has now reached the point where the appellate litigation requires 12 circuit judges.

I wish to interpolate that a bill recently has been passed, which I think the President has signed, to create 2 additional judges for the Ninth Circuit, which would make a total of 9 judges. But referring to a meeting of the Judicial Conference of the United States, Judge Denman says:

The Judicial Conference, created by title 28, United States Code, section 331, to advise the Congress on the need of the courts, has recommended to Congress such an increase of circuit judges.

This is despite the fact that Congress has recently passed a bill providing for two more judges in the Ninth Circuit. I continue to read from the letter:

However, nearly all of the chief judges indicated they thought the remedy required a division of the circuit, since such an appellate court would be most unwieldy.

I must say that I agree with Judge Denman's statement that 12 judges would constitute an unwieldy appellate court.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I am glad to yield to the Senator from Oregon, because the bill affects his State, too.

Mr. MORSE. I do not know whether the Senator from Washington has overlooked the fact or not, but many months ago, upon the advice of Judge Denman, I introduced a bill providing for exactly the type of court which I understand the Senator from Washington is proposing in his bill. I wonder if there is any difference between his bill and the bill on the calendar. I should be happy to have the Senator from Washington join in the sponsorship of my bill, or I shall be happy to join with him in the sponsorship of his bill. I have no pride of authorship, but I think a similar bill is pending.

Mr. MAGNUSON. There may be some difference in the wording of the bills, but I assure the Senator from Oregon that we have the same purpose.

Mr. President, I ask unanimous consent that, with the consent of the Senator from Oregon, I may become a cosponsor of his bill, and I ask unanimous consent that he may become a cosponsor of the bill I have introduced. Then we shall see which one is acted on first.

Mr. MORSE. That arrangement is satisfactory to me. I merely wish to have a bill passed.

Mr. JOHNSON of Texas. Mr. President, reserving the right to object, I have a unanimous-consent agreement which I desire to propose. I shall not object to the unanimous-consent request of the Senator from Washington, provided he will allow me to suggest the absence of a quorum. I intend to ask later that the order for the quorum call be rescinded, and then to propose a unanimous-consent agreement to vote on the lease-purchase bill next Tuesday.

Mr. MAGNUSON. I shall be glad to yield to the Senator from Texas, but before doing so I desire to ask unanimous consent to have the letter from Judge Denman printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES COURT OF APPEALS,
NINTH JUDICIAL CIRCUIT,
San Francisco, Calif., April 5, 1954.
Hon. WARREN G. MAGNUSON,
United States Senate,
Washington, D. C.

DEAR SENATOR MAGNUSON: The huge migration into the States of the ninth circuit has now reached the point where the appellate litigation requires 12 circuit judges. The Judicial Conference, created by title 28, United States Code, section 331, to advise Congress on the need of the courts, has recommended to Congress such an increase of circuit judges. However, nearly all of the chief judges indicated they thought the remedy required a division of the circuit, since such an appellate court would be most unwieldy.

Pursuant to this our judicial council has adopted the enclosed resolution giving the facts and figures supplied by the Judicial Conference showing the need for the judges and the division of the circuit.

We beg of you to give the resolution your careful study and your support of the legislation for division of the circuit at this session of Congress.

Very faithfully yours,

WILLIAM DENMAN,
Chief Judge.

Mr. MAGNUSON. Mr. President, on behalf of myself, my colleague, the junior Senator from Washington [Mr. JACKSON], and the Senator from Oregon [Mr. MORSE], I introduce for appropriate reference a bill to provide for the creation of an 11th judicial circuit to be comprised of Alaska, Idaho, Montana, Oregon, and Washington, and for the circuit judges constituting the 9th and 11th circuits.

I am certain Senators will have no objection to the bill, when they understand the purpose of it.

The bill (S. 3314) to provide for the creation of an 11th judicial circuit to be comprised of Alaska, Idaho, Montana, Oregon, and Washington, and for the circuit judges constituting the 9th and 11th circuits, introduced by Mr. MAGNUSON (for himself, Mr. JACKSON, and Mr. MORSE), was received, read twice by its title, and referred to the Committee on the Judiciary.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Building Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I as unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. For myself and on behalf of the majority leader, the distinguished Senator from California [Mr. KNOWLAND], and the leader of the Independent Party, the distinguished Senator from Oregon [Mr. MORSE], I submit a proposed unanimous-consent agreement, which I ask to have read.

The PRESIDING OFFICER. The clerk will read the proposed unanimous-consent agreement.

The Chief Clerk read as follows:

Ordered, That following the morning business on Tuesday, April 20, during the further consideration of H. R. 6342, to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, debate on any amendment or motion (including appeals) shall be limited to not exceeding 60 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the Senator from California [Mr. KUCHEL] in the event he is opposed to such an amendment or motion; otherwise, by the mover and the minority leader or some Senator designated by him: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further*, That debate upon the bill itself shall be limited to not exceeding 1 hour, to be equally divided and controlled, respectively, by the Senator from California [Mr. KUCHEL] and the Senator from Texas [Mr. JOHNSON].

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. MORSE. Mr. President, reserving the right to object, and I shall not object, I am satisfied that we have exhausted debate on this subject—in fact, exhausted the Senate on it—and that probably the Senate would be ready to vote on it tonight if a quorum could be obtained. I do not think a quorum could be obtained; therefore, I think an early hour on Tuesday should be set for voting on

the bill. The unanimous-consent agreement so provides, and I shall support it.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? No objection is heard, and the unanimous-consent request is agreed to.

BOUNDARY AGREEMENT BETWEEN THE STATES OF ALABAMA AND FLORIDA

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the unfinished business we temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 1185, House Joint Resolution 347.

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 347) giving the consent of Congress to an agreement between the State of Alabama and the State of Florida, establishing a boundary between such States.

Mr. KNOWLAND. Mr. President, for the benefit of the RECORD, may we have a brief explanation of the resolution?

Mr. HOLLAND. Mr. President, I first ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the report of the Senate committee on the joint resolution.

There being no objection, the report (No. 1172) was ordered to be printed in the RECORD, as follows:

The Committee on the Judiciary, to which was referred the joint resolution (H. J. Res. 347) giving the consent of Congress to an agreement between the State of Alabama and the State of Florida establishing a boundary between such States, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of this bill is to give the consent of Congress to an agreement between the State of Florida and the State of Alabama establishing a boundary between such States.

STATEMENT

This legislation covers the same subject matter and accomplishes the same purpose for which Senate Joint Resolution 123 was introduced in the Senate by Senators HOLLAND, HILL, SPARKMAN, and SMATHERS on February 2, 1954.

House Joint Resolution 347 differs in language in some particulars from Senate Joint Resolution 123, but a comparison of the two resolutions, plus an interchange of letters and telegrams, indicates that both of them accomplish the desired purpose. In this connection, there is hereto attached and made a part hereof a letter from Hon. SPESSARD L. HOLLAND, a United States Senator from the State of Florida, to Hon. Fred M. Burns, assistant attorney general for the State of Florida, relating to the two bills. Also included is a telegram from Mr. Burns in reply to the aforementioned letter. In order that the matter have full accord of both the States of Alabama and Florida, there is hereto attached and made a part hereof a telegram from Hon. Gordon Persons, Governor of the State of Alabama, to Hon. LISTER HILL, a United States Senator from the State of Alabama.

For a number of years last past, the boundary common to the States of Alabama and Florida has been in dispute and confused. Under the constitutions of both of these States, the boundary line is fixed at the

mouth of the Perdido River as the common boundary, and this particular point has had no definite fixed location. During the past several years, due to the force of winds, waves, and currents, the mouth of the Perdido River has shifted, so that the boundary line as fixed by the State constitutions between the two States affected has likewise shifted along with the mouth of the Perdido River.

This problem has been vexing, and in order to solve the common problem between them, the Governors of the States of Florida and of Alabama set up a joint commission to study the boundary situation of Florida-Alabama. After conducting the study, the commission filed a joint report and recommended that the boundary be permanently fixed by describing it in terms of longitude and latitude. These recommendations of the joint commission were then incorporated in laws enacted by the respective State legislatures of Florida and of Alabama. The joint report of the commission is hereto attached and the exact description of the location of the boundary in question is contained in the Alabama law and the Florida law, copies of which are hereto attached.

The committee, after a study of the attached exhibits, believes that the resolution is meritorious and therefore recommends that House Joint Resolution 347 be considered favorably.

UNITED STATES SENATE,
COMMITTEE ON PUBLIC WORKS,
March 17, 1954.

Mr. FRED M. BURNS,
Assistant Attorney General, State of
Florida, Tallahassee, Fla.

DEAR MR. BURNS: As you probably know, House Joint Resolution 347, establishing the boundary between Florida and Alabama, has been passed by the House and is now before the Senate for further action.

I realize that the language of Senate Joint Resolution 123 would be preferable because it is more complete; but, if in the opinion of you and Mr. ELLIOTT the language of the House measure will accomplish your purpose satisfactorily, it will expedite matters for the Senate to adopt the House measure, thus eliminating the necessity of sending an amended bill back to the House.

It will be appreciated if you will wire me as soon as possible.

With kindest regards, I remain,
Yours faithfully,

SPESSARD L. HOLLAND.

P. S.—I am enclosing for your ready reference copies of House Joint Resolution 347 and Senate Joint Resolution 123.

TALLAHASSEE, FLA., March 19, 1954.
Hon. SPESSARD L. HOLLAND,
United States Senate:

Your letter of 17th. Messrs. Elliot, Ervin, and myself feel that language in House Joint Resolution 347 will accomplish purpose satisfactorily.

FRED M. BURNS,
Assistant Attorney General.

MONTGOMERY, ALA., March 25, 1954.
Hon. LISTER HILL,
Senate Office Building:

House Joint Resolution 347, about which you wrote me on March 18, is entirely satisfactory and the Attorney General has looked it over very carefully. Therefore, suggest you take House measure and would like to obtain early approval by Senate Judiciary Committee and the Senate itself.

Regards,

GORDON PERSONS, Governor.

JOINT REPORT OF THE COMMITTEE FROM ALABAMA AND THE COMMITTEE FROM FLORIDA ON THE FLORIDA-ALABAMA BOUNDARY AT THE MOUTH OF THE PERDIDO RIVER

At the locality of the Perdido River the constitution of Florida described the State's boundary as:

"Commencing at the mouth of the river Perdido; from thence up the middle of said river to where it intersects the south boundary line of the State of Alabama, and the thirty-first degree of north latitude; thence due east * * * et cetera.

The last two calls of the boundary description are:

"thence northwestwardly three leagues from the land to a point west of the mouth of the Perdido River; thence to the place of beginning."

The constitution of the State of Alabama in the same locality describes that State's boundary as: "Beginning at the point where the 31st degree of north latitude crosses the Perdido River"; and then east, north, west, and "thence southwardly along the line of the State of Mississippi, to the Gulf of Mexico; thence eastwardly, including all islands within 6 leagues of the shore, to the Perdido River; thence up the said river to the beginning;"

While the Alabama boundary description does not specify middle of the river as does that of Florida, it is clear that the boundary between the two States cannot be other than common, wherever that boundary may be.

The particular locale in question is at the mouth of the Perdido River where the same passes between a headland in Florida and a headland in Alabama as the river reaches the Gulf of Mexico.

Both headlands are the termini of low-lying narrow sand ridges or peninsulas, between which the river enters the gulf. These ridges border directly upon the open gulf and are subject to the action of the wind, wave, and current. Even under normal conditions of sea and weather there is a constant, though imperceptible, day by day movement along the shore of the headlands and at either side of the mouth of the river which in time produces a slow shifting of the river's mouth or pass. During severe winds from the gulf the change is relatively rapid and has at times breached the narrow peninsula on one side or the other, forming a new mouth or pass. One such occurred in 1936 as a result of a hurricane which breached the peninsula on the Florida side. The new pass became filled some years later. The original pass or mouth remained open, shifting back and forth.

Resulting from the shifting of the river's mouth, the boundary between Florida and Alabama in that locality has likewise shifted.

The problem of the two committees was to find a location for the common boundary between Florida and Alabama at the mouth of the river which would satisfy as nearly as practicable the middle of the river location and permanently fix the boundary at that location. The two committees, acting jointly, examined the locality on the ground, the physical characteristics of the terrain, studied maps, plats, charts, aerial photographs, and other data disclosing what had taken place through the years since 1827, and procured information from residents in nearby areas familiar with conditions, past and present, within their lifetime.

Originally, on the Alabama side, a narrow peninsula extended from just inside the mouth of the Perdido River eastward for a distance of approximately 5 miles. On the Florida side a narrow peninsula south of that in Alabama extended westward for approximately 6 miles to the mouth of the river. The Florida Peninsula, overlapping that of Alabama, borders upon the open gulf and is

separated on the north from the Alabama Peninsula by the river. At the west end of the Florida Peninsula is the mouth of the river commonly referred to as Perdido Pass. The river separating the two peninsulas passes landward around the west end of the Florida Peninsula and eastward between the two to the east end of the Alabama Peninsula; thence around the east end thereof and westward along the north side of that peninsula between it and the bank of the river on the Florida side. At about the middle and north of Alabama Peninsula, the river opens up into Perdido Bay. Upstream to the northeastward, approximately 15 miles, the bay becomes narrow and river characteristics again prevail continuously to the Alabama-Florida line at parallel 31st degree north latitude.

About 1882 an opening believed to have been artificially made came into existence across the Alabama Peninsula to the northward of the mouth of the Perdido River and provided a short direct connection between Perdido Bay and the Gulf of Mexico. This opening made an island of that part of the Alabama Peninsula to the eastward, called Ono Island. This opening has persisted through many years and will probably continue, unless through some freakish behavior of nature's agencies, it becomes closed. This shortcut from the bay to the gulf diverted the river current and the ebb and flow of tide from the former channel around the Alabama Peninsula, causing, together with windblown sand, a slow shoaling of the old river channel between that peninsula and the one on the Florida side. From a former depth of 6 to 10 feet the old river is now but a foot or two in depth in its shallow places. It is not unlikely that it may become completely filled as time goes on, and therefore the suggestion hereinafter made for its marking.

Without going into detail covering our reasons therefor other than as may be drawn from that hereinbefore stated, the two committees acting jointly make the following recommendations:

1. That for boundary purposes, the middle of the Perdido River at its mouth be fixed at latitude $30^{\circ}16'53''$ N. and longitude $87^{\circ}31'06''$ W.; that this point be the control point; that said point be referenced to permanent concrete witness monuments on the shore safe against destruction. Said point is within the eastern and western limits of the migratory movement of the mouth of the river.

2. That a boundary line be fixed, as nearly as may be, in the axis of the mouth of Perdido River. That this line shall pass through the control point and run due north and south and have as its northern terminus a point at latitude $30^{\circ}17'02''$ N. and longitude $87^{\circ}31'06''$ W., and as its southern terminus a point 1,000 feet due south of the control point.

3. That from the northern terminus of the boundary line at the mouth of the Perdido River, a line passing up the middle of the old river between Ono Island in Alabama and the peninsula to the southward in Florida, extending to and around the east end of Ono Island, be determined for boundary purposes as follows:

From the north end of the boundary line at the mouth of the river; thence by a straight line to a point at latitude $30^{\circ}18'00''$ N., longitude $87^{\circ}27'08''$ W.; thence to a point in the center line of the Intracoastal Canal at longitude $87^{\circ}27'00''$ W.

4. In view of the recent act of Congress restoring to the maritime States of the Union the offshore areas within their respective limits, that the seaward boundary between Florida and Alabama be fixed conformable, as nearly as may be, to the boundary calls of the constitution of the respective States as follows:

From the mouth end of the boundary line at the mouth of the river; thence south $00^{\circ}01'00''$ W. to the seaward boundary of the respective States.

5. That upon completion of the work described in 1 to 4, accurate drawing thereof, accompanied by field notes of survey, be prepared. That for Florida, in pursuance of section 253.41 Florida Statutes, the same be filed as a State survey for Florida in the field not division of the office of commissioner of agriculture as a permanent record. That for Alabama the same be filed as a permanent record in the office of the secretary of state of the State of Alabama.

6. That the legislature of both States, now in session, take such action as may be appropriate for confirming the location at the mouth of the Perdido River mutually agreed upon by the two committees, acting jointly, as the common boundary between the State of Florida and the State of Alabama conforming to the boundary as defined in the constitution of the respective States.

Attached hereto is a map of the area herein referred to showing the recommended location for the boundary between Florida and Alabama conforming to the constitution of each respective State as the same relates to the Perdido River.

For Alabama:

EARL M. MCGOWIN, *Chairman.*

W. G. PRUETT, *Member.*

WILLIAM N. MCQUEEN, *Member.*

For Florida:

RICHARD H. SIMPSON, *Chairman.*

F. C. ELLIOT, *Member.*

RICHARD W. ERVIN, *Member.*

PHILIP D. BEALL, *Member.*

MAY 29, 1953.

ALABAMA LAW

(Regular session, 1953)

ACT NO. 440

An act locating the boundary between the States of Florida and Alabama as defined by the constitution of each respective State, at the mouth of the Perdido River and adjacent thereto

Be it enacted by the Legislature of Alabama:

SECTION 1. The State of Alabama hereby ratifies, confirms, and adopts the recommendations of the joint committee heretofore appointed by the Governor of Florida and the Governor of Alabama to locate and mark the boundary line between the said States at the mouth of Perdido River and adjacent thereto, said committee consisting of Hon. Richard W. Ervin, Hon. Richard H. Simpson, Hon. Philip D. Beall, and Hon. F. C. Elliot, all on the part of the State of Florida, and Hon. Earl M. McGowin, Hon. W. C. Pruett, and Hon. William N. McQueen, all on the part of the State of Alabama.

SEC. 2. In accordance with the recommendations of the said joint committee, the boundary at the location referred to in section 1 hereof shall be as follows, to wit:

The middle of the Perdido River at its mouth, as defined by the constitutions of the States of Alabama and Florida, is at latitude $30^{\circ}16'53''$ N., and longitude $87^{\circ}31'06''$ W., as the control point;

That the boundary line at the mouth of Perdido River is fixed, as nearly as may be, in the axis of the mouth of said river, passing through the control point and running north and south and having as its northern terminus a point of latitude $30^{\circ}17'02''$ N., and longitude $87^{\circ}31'06''$ W., and as its southern terminus a point 1,000 feet due south of the control point;

That from the northern terminus of the boundary line at the mouth of the river, the boundary up the lower portion of said river be a straight line to a point at latitude $30^{\circ}18'00''$ N., longitude $87^{\circ}27'08''$ W., thence by a straight line to a point in the center line

of the Intracoastal Canal at longitude $87^{\circ}27'00''$ W.;

That the seaward boundary between Florida and Alabama extends from the south end of the boundary line at the mouth of Perdido River, thence south $0^{\circ}01'00''$ W. to the seaward limit of each respective State; and shall be deemed, taken and declared, and is hereby deemed, taken and declared to be the boundary line between the States of Florida and Alabama, at the mouth of the Perdido River and adjacent thereto, and shall be deemed and taken as such by the authorities and people of this State, upon the adoption and ratification thereof by the State of Florida.

SEC. 3. The secretary of state shall transmit a duly certified copy of this act to the Governor of the State of Florida and the Governor of Alabama, whenever officially advised that the State of Florida has ratified, confirmed, and adopted the recommendations of the joint committee aforesaid, shall make proclamation of that fact including in such proclamation the boundary as set out in section 2 above, and proclaiming that henceforth the said boundary shall be taken by all the authorities and people of this State as the true and only boundary between the States of Florida and Alabama at the mouth of the Perdido River and adjacent thereto. A copy of said proclamation shall be published one time in a newspaper published in Montgomery, Ala., and in such other newspapers of the State as the Governor may direct. Failure to publish such proclamation shall in no way affect the validity and effectiveness of this act.

SEC. 4. The Congress of the United States is petitioned to give its consent to the settlement and location of the above-described portion of the common boundary between the States of Florida and Alabama, pursuant to clause 3, section 10, article 1 of the Constitution of the United States, as soon as the State of Florida has ratified, confirmed and adopted the recommendations of the joint committee aforesaid. The secretary of state of the State of Alabama shall transmit duly certified copies of this act to the presiding officers of the Senate and House of Representatives of the United States and to the several Senators and Representatives from the States of Alabama and Florida to the Congress of the United States, who are hereby petitioned to take such action as they deem proper to procure the consent of the Congress of the United States to this compact or agreement between the States of Alabama and Florida.

SEC. 5. Nothing contained herein, nor any operations of the provisions of this act, shall prejudice the rights or claims of private individuals to any of the lands herein involved.

SEC. 6. This act shall take effect immediately upon its passage and approval by the Governor or its otherwise becoming a law.

Approved August 28, 1953.

Time: 8:40 a. m.

I hereby certify that the foregoing copy of an act of the Legislature of Alabama has been compared with the enrolled act and it is a true and correct copy thereof.

Given under my hand this 31st day of August 1953.

J. E. SPEIGHT,
Secretary of Senate.

THE STATE OF ALABAMA,
DEPARTMENT OF STATE.

I, Mrs. Agnes Baggett, secretary of state of the State of Alabama, do hereby certify that the pages hereto attached contain a true, accurate, and literal copy of Act No. 440, Senate bill No. 231, passed by the 1953 session of the legislature and approved by the Governor on August 28, 1953, relocating the boundary between the States of Florida and

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 21, 1954
For actions of April 20, 1954
83rd-2nd, No. 72

CONTENTS

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Personnel.....2	Sugar.....7	Wool.....3

HIGHLIGHTS: Senate passed buildings lease-purchase bill. Senate debated Carlson personnel bill and wool bill. Senate committee reported third supplemental appropriation bill. Senate committee voted to report bills to distribute CCC seeds to land agencies and to increase tobacco-excess penalties. Sen. Young defended high price supports.

SENATE

1. BUILDINGS. Passed, 47-30, with amendments H. R. 6342, to authorize GSA to enter into lease-purchase agreements for construction of public buildings. Senate conferees were appointed. (pp. 5013-28.)
2. PERSONNEL. Began debate on S. 2665, the Government employees' fringe benefits bill. Agreed to all committee amendments except the one relating to the number of super-grade positions. Action on this amendment was postponed at the request of Sen. Byrd. (pp. 5028, 5032-3.)
- WOOL PRICE SUPPORTS. Began debate on S. 2911, to provide additional authority for wool price supports, etc. (pp. 5029-34).
4. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1954. The Appropriations Committee reported with amendments this bill, H. R. 8481 (S. Rept. 1216)(p. 5005). Sen. Bridges gave notice of an amendment to provide \$15,000,000 additional under the Agricultural Conservation Program for emergency wind control measures (p.5006).
5. SEEDS; TOBACCO. The Agriculture and Forestry Committee ordered reported (but did not actually report) with amendment S. 2987, to provide for transfer of surplus CCC seeds to Forest Service and BLM, and without amendment S. 3050, to increase the penalty on excess marketing of tobacco (p. D429).
6. PRICE SUPPORTS. Sen. Young defended high price supports and the effectiveness of production controls and inserted a letter from the Under Secretary on this subject (pp. 5010-13).
7. SUGAR. Sen. Aiken said opposition to the International Sugar Agreement has been found to be applicable to the U. S. Sugar Act, not the Agreement (p. 5034).
8. PUBLIC LANDS. Sen. Butler, Nebr., reported additional amendments from the Interior and Insular Affairs Committee to H. R. 1815, to amend the Recreation Act of 1926 regarding use of public lands (p. 5005).

BILLS INTRODUCED

9. POULTRY; TAXATION. S. 3331, by Sen. Upton, to amend the Internal Revenue Code to include as property used in trade or business poultry held for breeding purposes; to Finance Committee (p. 5005).
10. TRADE AGREEMENTS. H. R. 8860 (see Digest 70) extends the President's authority to enter into reciprocal trade agreements from June 12, 1954, through June 30, 1957. It prohibits agreements (1) increasing the duty for any article to a rate more than 50% above the 1945 rate, (2) transferring any article between the dutiable and free lists, (3) decreasing the rate on any article more than 50% below the 1945 rate, or (4) decreasing the rate for any article more than certain alternative limits, in order to carry out an agreement entered into on or after June 12, 1954. It empowers the President to terminate a proclamation at any time in whole or in part.

ITEM IN APPENDIX

11. DAIRY INDUSTRY. Rep. Hagen, Calif., inserted a Calif. Legislature resolution favoring distribution of surplus dairy products to the armed forces, public institutions, the needy, and for school lunches (p. A2943).

COMMITTEE HEARINGS RELEASED BY GPO

12. AIR FORCE APPROPRIATIONS, 1955. H. Appropriations Committee.

COMMITTEE HEARING ANNOUNCEMENTS: Overall farm-program proposals, S. Agriculture (Secretary to testify), Apr. 21. Emergency farm loans, S. Agriculture (Scott, MacLeaish, and Smith to testify), Apr. 23. Surplus disposal bills, H. Agriculture (Davis to testify), Apr. 27. Overall farm-program proposals, H. Agriculture (Secretary to testify), May 5 and 6.

83^D CONGRESS
2^D SESSION

H. R. 6342

IN THE SENATE OF THE UNITED STATES

APRIL 20 (legislative day, APRIL 14), 1954

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—GENERAL SERVICES**

4 **ADMINISTRATION**

5 SEC. 101. The Public Buildings Act of 1949 is amended
6 by (1) redesignating section 411 thereof as section 412,
7 and (2) inserting, immediately after section 410 thereof,
8 the following new section:

1 “SEC. 411. (a) Whenever the Administrator of General
2 Services determines that (1) the needs for space for the
3 permanent activities of the Federal Government in any par-
4 ticular area cannot be satisfied by utilization of any existing
5 property suitable for the purpose then owned by the Govern-
6 ment, and (2) the best interests of the United States will
7 be served by taking action hereunder, he is hereby author-
8 ized to obtain and provide space for the accommodation of
9 activities of the Government in the several States, the Dis-
10 trict of Columbia, and the Territories and possessions of the
11 United States (including Guam), except for the accommoda-
12 tion of activities of the Post Office Department, by negotiat-
13 ing and entering into purchase contracts, the terms of which
14 shall not be less than ten nor more than twenty-five years
15 and which shall provide in each case that title to the property
16 shall vest in the United States at or before the expiration of
17 the contract term and upon fulfillment of the terms and con-
18 ditions stipulated in each of such purchase contracts. Such
19 terms and conditions shall include provision for the applica-
20 tion to the purchase price agreed upon therein of installment
21 payments made thereunder including provision for the ex-
22 change of surplus real property or real property which may
23 become surplus as a result of such agreement, where the
24 Administrator determines that the best interests of the Gov-

ernment in economy and efficiency of operation will be served. (1) Every lease purchase contract entered into pursuant to this title shall provide for equal annual payments and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: Provided, That prior to July 1, 1955, a limitation of not to exceed \$4,000,000 is hereby established for such purpose.

“(b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

“(c) The Administrator of General Services is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demolition of

1 obsolete and outmoded structures situated thereon, by provid-
2 ing for the construction thereon by others of such structures and
3 facilities as shall be the subject of the applicable purchase
4 contracts.

5 “(d) (2) *No proposed purchase contract shall be exe-*
6 *cuted under this section unless, prior to the time at which the*
7 *Administrator has come into agreement with congressional*
8 *committees thereon, such contract has been approved by the*
9 *Director of the Bureau of the Budget, as evidenced by a writ-*
10 *ten statement of such officer to the effect that the execution of*
11 *such contract is necessary and is in conformity with the policy*
12 *of the President. Each such purchase contract shall include*
13 *such provisions as the Administrator of General Services, in*
14 *his discretion, shall deem to be in the best interests of the*
15 *United States and appropriate to secure the performance of*
16 *the obligations imposed upon the party or parties that shall*
17 *enter into such agreement with the United States: Provided,*
18 *That no such agreement may provide for the payment by the*
19 *United States in pursuance of the terms thereof of moneys*
20 *in an aggregate annual amount in excess of 15 per centum*
21 *of the appraised fair market value of the property at the date*
22 *of the purchase contract, or in the case of property where*
23 *construction shall not have been completed at that date in*
24 *excess of 15 per centum of the fair market value at the date*
25 *of completion of such construction. (3) No such purchase*

1 contract shall provide for any payments to be made by the
2 United States in excess of the amount necessary, as determined
3 by the Administrator, to—

4 “(1) amortize—

5 “(A) the cost of improvements to be con-
6 structed plus the fair market value, on the date of
7 the agreement, of the site, if owned or acquired by
8 the contractor; or

9 “(B) the fair market value, on the date of the
10 agreement, of completed improvements together
11 with the site thereof; or

12 “(C) a combination of the foregoing in the
13 case of existing improvements to be remodeled by
14 the contractor; and

15 “(2) provide a reasonable rate of interest on the
16 outstanding principal as determined under (1) above;
17 and

18 “(3) reimburse the contractor for the cost of any
19 other obligations assumed by him under the contract,
20 including (but not limited to) payment of taxes, costs
21 of carrying appropriate insurance, and costs of repair
22 and maintenance if so assumed by the contractor.

23 “(e) No proposed purchase contract agreement (4) call-
24 ing for the expenditure of more than \$50,000 per annum
25 shall be executed under this section unless (5) it has been

1 submitted, thirty days prior to its effective date, to the
2 President of the Senate and to the Speaker of the House of
3 Representatives for appropriate reference to committees: the
4 Administrator has come into agreement with the Committee
5 on Public Works of the Senate and of the House of Repre-
6 sentatives with respect to such purchase contract agreement.
7 For the purpose of obtaining such agreement, the Admin-
8 istrator shall transmit to the President of the Senate and
9 to the Speaker of the House, for reference to each such com-
10 mittee, a summary of the proposed purchase-contract agree-
11 ment which shall include—

12 “(1) a brief description of the building to be erected
13 at a given location;

14 “(2) an estimate of the maximum cost of site and
15 building together with the term of years over which
16 payments would run and the maximum rate of interest
17 that would be acceptable for any deferred part of such
18 cost;

19 “(3) a certificate of need for the space signed by the
20 head of the agency or agencies which will use the
21 facility;

22 “(4) a statement by the Administrator of the Gen-
23 eral Services Administration that suitable space owned
24 by the Government is not available and that suitable

1 rental space is not available at a price commensurate
2 with that to be afforded through the contract proposed;

3 “(5) a statement of the managerial, custodial, heat,
4 and utility services to be provided by the contractor, or
5 an estimate of their probable cost if to be supplied in any
6 part by the Government;

7 “(6) a statement of the requirements for tax lia-
8 bility, upkeep and maintenance of the property by either
9 the contractor or the Government during the period of
10 the contract;

11 “(7) a statement of rents and other housing costs
12 currently being paid by the Government for any agencies
13 to be housed in the building to be erected; and

14 “(8) a statement that bids for the proposed project
15 will not be advertised until after consultation, if within
16 fifteen days following the submission as herein provided
17 the committee to which the summary is referred requests
18 consultation with respect to the proposal.

19 “(f) Funds now or hereafter available for the payment
20 of rent and related charges for premises, whether appro-
21 priated directly to the General Services Administration or to
22 any other agency of the Government and received by said
23 Administration for such purpose, may be utilized by the
24 Administrator of General Services to make payments becom-

1 ing due from time to time from the United States as current
2 charges in connection with agreements entered into under
3 authority of this section: *Provided*, That no such funds may
4 be expended for acquisition of title to the property covered
5 by any such agreement prior to the expiration of the contract
6 term specified therein (whether by exercise of option to pur-
7 chase or otherwise) in the absence of specific appropriation
8 of funds for such acquisition, which appropriations are
9 hereby authorized: *Provided further*, That the value of any
10 Government real property to be exchanged under any such
11 agreement may be credited at the time of exchange to the
12 payments to be made by the United States thereunder: *Pro-*
13 *vided further*, That Government real property to be ex-
14 changed may be credited in whole or in part to the purchase
15 price of the property for which it is exchanged, except that
16 where the amount of the credit for the real property to be ex-
17 changed exceeds the amount of the purchase price, the
18 amount of the remaining proceeds shall, except as provided
19 in section 205 of the Post Office Department Property Act
20 of ~~(6)1953~~ 1954, be covered into the miscellaneous receipts
21 of the Treasury of the United States.

22 “(g) When requested by the Postmaster General, the
23 Administrator of General Services is hereby authorized to
24 exercise the authority vested in him by this section (1) to
25 acquire property for postal purposes, or (2) to provide space

1 for postal purposes in buildings acquired under this section
2 for other purposes.

3 “(h) With respect to any interest in real property
4 acquired under the provisions of this section, the same shall
5 be subject to State and local taxes until title to the same shall
6 pass to the Government of the United States.

7 “(i) If any provision of this section or the application
8 thereof to any person or circumstance is held invalid, the
9 remainder of this section and the application thereof to other
10 persons or circumstances shall not be affected thereby.

11 “(j) (1) Section 302 (c) of the Federal Property and
12 Administrative Services Act of 1949 and section 355 of the
13 Revised Statutes, as amended (50 U. S. C. 175), shall
14 apply to purchase contract agreements entered into under this
15 section, except that any such agreement may be entered into
16 and placed in effect after request for but prior to receipt
17 of an opinion of the Attorney General with respect to the
18 validity of title to the property described therein.

19 “(2) Except as provided by paragraph (1) of this
20 subsection, sections 3733, 3734, and 3736 of the Revised
21 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
22 14); section 1 of the Act of March 3, 1877 (19 Stat. 370;
23 40 U. S. C. 34); section 3 of the Act of August 27, 1935,
24 as amended (60 Stat. 257; 40 U. S. C. 304c); section 407

1 of this Act; and any other provision of law (except appli-
2 cable labor standards provisions) relating to the acquisition of
3 real property, construction of buildings, or leasing of space,
4 shall not apply to purchase contract agreements executed
5 under this section.”

6 SEC. 102. It is not the intention of the Congress that
7 the program authorized by this title shall constitute a sub-
8 stitute for or a replacement of any program for the con-
9 struction by the United States of such structures as may be
10 required from time to time by the Federal Government.

11 SEC. 103. This title may be cited as the “Public Build-
12 ings Purchase Contract Act of ~~(7)1953~~ 1954”.

13 TITLE II—POST OFFICE DEPARTMENT

14 SEC. 201. It is the purpose of this title to supplement
15 existing provisions of law for the leasing of space for postal
16 purposes by providing authorization for the acquisition by
17 the Postmaster General of such space through the execu-
18 tion of lease-purchase and other agreements under which the
19 United States will obtain immediate use of such space and
20 will make periodic payments, and in the case of lease-
21 purchase agreements will obtain title to the property de-
22 scribed therein at or prior to the end of the term prescribed
23 therein. It is not the intention of the Congress that the
24 program authorized by section 202 of this title shall con-
25 stitute a substitute for or a replacement of any program for

1 the construction by the United States of such structures as
2 may be required from time to time by the postal service.

3 SEC. 202. (a) Whenever the Postmaster General de-
4 termines that (1) there is a substantial need for space for
5 postal purposes in any particular area which cannot be satis-
6 fied by utilization of any existing property suitable for the
7 purpose then owned by the Government, (2) the receipts of
8 the post office serving such area exceed \$10,000 per year,
9 and (3) the best interests of the United States will be served
10 by taking action hereunder, he is hereby authorized to ob-
11 tain and provide space for postal purposes in suitable struc-
12 tures of permanent-type construction in the several States,
13 the District of Columbia, and the Territories and possessions
14 of the United States (including Guam), by negotiating and
15 entering into lease-purchase agreements, the terms of which
16 shall not be less than ten nor more than twenty-five years
17 and which shall provide in each case that title to the property
18 shall vest in the United States at or before the expiration of
19 the leasehold term and upon fulfillment of the terms and con-
20 ditions stipulated in each of such lease-purchase agreements.
21 Such terms and conditions shall include provision for the ap-
22 plication to the purchase price agreed upon therein of rental
23 payments made thereunder. Such payments under any such
24 agreement may include amounts for the amortization of the
25 fair market value on the date of such agreement of the prop-

erty described therein. The financial transactions of the Post Office Department with respect to such lease-purchase agreements shall be subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first Congress, second session).

(b) ~~(8)~~ *Except as provided in subsection (d) of this section, the* Postmaster General is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements.

(c) ~~(9)~~ *Except as provided in subsection (d) of this section, the* Postmaster General is authorized to enter into agreements, with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land purchased by the United States for postal purposes, including the demolition of obsolete and outmoded structures situate thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable lease-purchase agreement.

1 ~~(10)~~(d) *The authority conferred on the Postmaster General*
2 *by subsections (b) and (c) of this section to enter into lease-*
3 *purchase agreements with respect to property owned by the*
4 *Government on the date of the enactment of this Act, is*
5 *hereby restricted to exclude from such authority any site*
6 *which has been acquired pursuant to law, prior to the enact-*
7 *ment of this Act, on which there has been constructed a*
8 *building to be used for postal purposes and which is presently*
9 *being used for such purposes.*

10 ~~(11)~~~~(d)~~ (e) ~~(12)~~*No proposed purchase contract shall be ex-*
11 *ecuted under this section unless, prior to the time at which the*
12 *Postmaster General has come into agreement with con-*
13 *gressional committees thereon, such contract has been ap-*
14 *proved by the Director of the Bureau of the Budget, as*
15 *evidenced by a written statement of such officer to the effect*
16 *that the execution of such contract is necessary and is in*
17 *conformity with the policy of the President. Each such*
18 *lease-purchase agreement shall include such provisions as*
19 *the Postmaster General, in his discretion, shall deem to be*
20 *in the best interest of the United States and appropriate*
21 *to secure the performance of the obligations imposed upon*
22 *the party or parties that shall enter into such agreement with*
23 *the United States. (13)**No such agreement shall provide*
24 *for any payment to be made by the United States in excess*

1 of the amount necessary, as determined by the Postmaster
2 General, to—

3 (1) amortize—

4 (A) the cost of improvements to be con-
5 structed plus the fair market value, on the date of
6 the agreement, of the site, if owned or acquired by
7 the contractor, or

8 (B) the fair market value, on the date of the
9 agreement, of completed improvements together
10 with the site thereof, or

11 (C) a combination of the foregoing in the case
12 of existing improvements to be remodeled by the
13 contractor; and

14 (2) provide a reasonable rate of interest on the
15 outstanding principal as determined under (1) above,
16 and

17 (3) reimburse the contractor for the cost of any
18 other obligations assumed by him under the contract,
19 including (but not limited to) payment of taxes, costs
20 of carrying appropriate insurance, and costs of repair
21 and maintenance if so assumed by the contractor.

22 ~~(14)(e)~~ (f) Funds available to the Post Office Depart-
23 ment for the payment of rents are authorized to be utilized
24 by the Postmaster General to make any payments becom-
25 ing due from time to time from the United States in

1 pursuance of lease-purchase agreements entered into under
2 the authority of this title: *Provided*, That no such funds
3 may be expended for acquisition of title to the property
4 covered by any lease-purchase agreement prior to the ex-
5 piration of the leasehold term specified therein (whether
6 by exercise of option to purchase or otherwise) in the absence
7 of specific appropriation of funds for such acquisition, which
8 appropriations are hereby authorized.

9 (15)(g) *No proposed lease-purchase agreement shall be*
10 *executed under this section unless the Postmaster General*
11 *has come into agreement with the Committee on Public Works*
12 *of the Senate and of the House of Representatives with respect*
13 *to such lease-purchase agreement. For the purpose of obtain-*
14 *ing such agreement, the Postmaster General shall transmit*
15 *to the President of the Senate and to the Speaker of the*
16 *House of Representatives, for reference to each such com-*
17 *mittee, a summary of the proposed lease-purchase agreement*
18 *which shall include—*

19 (1) *a brief description of the building to be erected*
20 *at a given location;*

21 (2) *an estimate of the maximum cost of site and*
22 *building together with the term of years over which*
23 *payments would run and the maximum rate of interest*
24 *that would be acceptable for any deferred part of such*
25 *cost;*

1 (3) a certificate of need for the space signed by
2 the head of the agency or agencies which will use the
3 facility;

4 (4) a statement by the Postmaster General that
5 suitable space owned by the Government is not available
6 and that suitable rental space is not available at a price
7 commensurate with that to be afforded through the
8 contract proposed;

9 (5) a statement of the managerial, custodial, heat
10 and utility services to be provided by the contractor, or
11 an estimate of their probable cost if to be supplied in
12 any part by the Government;

13 (6) a statement of the requirements for tax lia-
14 bility, upkeep and maintenance of the property by either
15 the contractor or the Government during the period of
16 the contract;

17 (7) a statement of rents and other housing costs
18 currently being paid by the Government for any agencies
19 to be housed in the building to be erected; and

20 (8) a statement that bids for the proposed project
21 will not be advertised until after consultation, if within
22 15 days following the submission as herein provided the
23 committee to which the summary is referred requests
24 consultation with respect to the proposal.

1 **(16)**(h) *With respect to any interest in real property*
 2 *acquired under the provisions of this section, the same shall*
 3 *be subject to State and local taxes until title to the same shall*
 4 *pass to the Government of the United States.*

5 **(17)**(i) *Every lease purchase contract entered into pursu-*
 6 *and to this title shall provide for equal annual payments and*
 7 *the Postmaster General shall not enter into any such contract*
 8 *unless the amount of the annual payment required by such*
 9 *contract plus the aggregate of the annual payments required*
 10 *by all other lease purchase contracts entered into during the*
 11 *same fiscal year do not exceed the specific limitations on such*
 12 *payments which shall be provided in appropriation acts:*
 13 *Provided, That prior to July 1, 1955, a limitation of not to*
 14 *exceed \$1,000,000 is hereby established for such purpose.*

15 SEC. 203. (a) **(18)**~~Notwithstanding any other provi-~~
 16 ~~sion of law, the~~ *The Postmaster General is authorized to—*

17 (1) *negotiate and enter into lease agreements with*
 18 *any person, copartnership, corporation, or other public or*
 19 *private entity, (19)for periods not to exceed a total of*
 20 *thirty years for each such lease agreement, on such terms*
 21 *as the Postmaster General deems to be in the best*
 22 *interests of the United States, for the erection by such*
 23 *lessor of such buildings and improvements for postal*
 24 *purposes as the Postmaster General deems appropriate,*

1 on lands sold, leased, or otherwise disposed of by the
2 Postmaster General to, or otherwise acquired by, such
3 person, copartnership, corporation, or public or private
4 entity;

5 (2) for the purposes of paragraph (1) of this sec-
6 tion, and without regard to the Federal Property and
7 Administrative Services Act of 1949 (Act of June 30,
8 1949, ch. 288, Eighty-first Congress, first session), as
9 amended—

10 (A) acquire by purchase, condemnation, lease,
11 donation, or otherwise, and on such terms as he
12 shall deem appropriate to the best interests of the
13 United States, real property and interests therein,
14 for use for postal purposes; and

15 (B) dispose of real property, and interests
16 therein, acquired for use or used for postal pur-
17 poses by sale, lease, or otherwise, on such terms
18 as he shall deem appropriate to the best interests
19 of the United States **(20)**: *Provided, That the Post-*
20 *master General shall not, for the purposes of this sec-*
21 *tion, dispose of (1) any Government-owned property,*
22 *or interests therein, acquired pursuant to section 101*
23 *of the Public Buildings Act of 1949 (63 Stat. 176)*
24 *or (2) any Government-owned property, or interests*
25 *therein, which has been acquired pursuant to law,*

1 *prior to the enactment of this Act, on which there*
2 *has been constructed a building to be used for postal*
3 *purposes and which is presently being used for such*
4 *purposes.*

5 (b) Funds available to the Post Office Department
6 for the payment of rents are authorized to be utilized by
7 the Postmaster General for the purposes of this section.

8 SEC. 204. The Postmaster General may, at the time he
9 enters into any lease-purchase or lease agreement under
10 authority of this title, include in such agreement a provision
11 for adjustment of the rental paid to any lessor to compen-
12 sate for any increase or decrease in taxes on the leased
13 property.

14 SEC. 205. (21)(a) Amounts received by the Govern-
15 ment from sales, leases, or other disposals of property acquired
16 (22)under authority of this title in the performance by the
17 Postmaster General of the functions vested in him by this
18 title shall be credited to the current applicable appropriation
19 of the Post Office Department and shall be available for ex-
20 penditure for the purposes of this title (23): *Provided, That*
21 *any amount received by the Postmaster General from the sale*
22 *of such property, under authority of this title, which exceeds*
23 *the amount paid therefor from the appropriations for the*
24 *Post Office Department, shall be covered into the Treasury*
25 *as miscellaneous receipts.*

1 **(24)(b)** *Any amounts received by the Postmaster General*
2 *from the sale, lease, or other disposal of real property ac-*
3 *quired by the Government under authority of the Public*
4 *Buildings Act of May 25, 1926 (44 Stat. 630), as amended,*
5 *and the Public Buildings Act of 1949 (63 Stat. 176), as*
6 *amended, which may be transferred to the Postmaster Gen-*
7 *eral, shall be disposed of in accordance with the provisions*
8 *of section 321 of the Act entitled "An Act making appropri-*
9 *ations for the Legislative Branch of the Government for the*
10 *fiscal year ending June 30, 1933, and for other purposes"*
11 *(47 Stat. 412; 40 U. S. C. 303b), section 5 of the Public*
12 *Buildings Act of May 25, 1926, as amended (44 Stat. 633;*
13 *40 U. S. C. 345), or section 204 of the Federal Property*
14 *and Administrative Services Act of 1949, as amended (63*
15 *Stat. 388; 40 U. S. C. 485), whichever section may be*
16 *applicable.*

17 SEC. 206. The Postmaster General shall take title, on
18 behalf of the United States, to all real property purchased
19 by him under authority of this title.

20 SEC. 207. (a) Section 355 of the Revised Statutes, as
21 amended (50 U. S. C. 175), shall apply to the acquisition
22 in fee simple of real property under this title, except that
23 any lease-purchase agreement to acquire real property under

1 this title may be entered into and placed in effect after
2 request for but prior to receipt of an opinion of the Attor-
3 ney General with respect to the validity of title to the real
4 property described therein.

5 (b) Section 3709 of the Revised Statutes, as amended
6 (41 U. S. C. 5), shall apply (1) to the acquisition of real
7 property by lease-purchase agreements, under authority of
8 section 202 of this title, and (2) to the lease agreements
9 entered into under authority of paragraph (1) of section
10 203 (a) of this title.

11 (c) Except as provided by subsections (a) and (b) of
12 this section, sections 3733, 3734, and 3736 of the Revised
13 Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12,
14 14) ; section 1 of the Act of March 3, 1877 (19 Stat. 370;
15 40 U. S. C. 34) ; and any other provision of law (except
16 applicable labor standards provisions) relating to the acquisi-
17 tion or disposal of real property, construction of buildings, or
18 leasing of space, shall not apply to any of the functions
19 performed by the Postmaster General in effectuating the
20 purposes of this title.

21 SEC. 208. No agreement shall be entered into under this
22 title later than a date ten years after the date of enactment
23 of this title.

1 SEC. 209. The Postmaster General shall include in his
2 annual report an account of transactions conducted during
3 the applicable year pursuant to the provisions of this title.

4 SEC. 210. This title may be cited as the "Post Office
5 Department Property Act of ~~(25)1953~~ 1954".

Passed the House of Representatives July 24, 1953.

Attest: LYLE O. SNADER,
Clerk.

Passed the Senate with amendments April 20 (legislative day, April 14), 1954.

Attest: J. MARK TRICE,
Secretary.

AN ACT

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 20 (legislative day, APRIL 14), 1954

Ordered to be printed with the amendments of the
the Senate numbered

Mr. YOUNG. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article to which I have previously referred, entitled, "More Surplus Crop Storage Bins Ordered," written by Aubrey Graves, and published in the Washington Post and Times-Herald of today.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MORE SURPLUS CROP STORAGE BINS ORDERED
(By Aubrey Graves)

Concerned over the continued pileup of surplus foodstuff and fiber in Government hands, Agriculture Secretary Benson announced yesterday that he had awarded 11 contracts for building \$22,500,000 worth of new storage bins.

The new facilities (22,916 bins with a total capacity of 9,999,560 bushels) will be erected in Kansas, Colorado, North Dakota, South Dakota, and Montana.

They will bring the Government's storage capacity up to 735 million bushels.

Taxpayers are now paying storage costs of \$20,000 an hour on an estimated \$6.5 billion worth of surpluses owned by the Commodity Credit Corporation. These holdings, representing a per capita investment of \$41, are stashed away in grain elevators, storage bins, refrigerating plants, warehouses, and even the holds of ships.

SEES \$2 BILLION RISE

Benson recently warned that the total Federal investment in crop surpluses could mount another \$2 billion to \$8.5 billion by the end of this year.

For instance, 11 million more acres will be planted to corn than were so planted in 1953, according to a Department survey. Cotton and wheat surpluses are also expected to be larger after the next harvest.

Meanwhile, in spite of the vast stockpiles of food in Government hands, Under Secretary True D. Morse declared yesterday that farmers must be encouraged to produce abundantly to help assure full employment in the cities and high financial returns for themselves.

"A farm program should not be permitted to turn agriculture back to a philosophy of scarcity," Morse explained. "Large production from the Nation's farms helps maintain a high level of business activity which, in turn, helps maintain national prosperity."

He made these statements in a luncheon speech addressed to the National Association of Grocery Manufacturers.

OFFERS SURPLUS CURE

MORSE believes that the answer to our surplus problem is better distribution, greater consumption at home and increased sales abroad.

He said that the system of flexible price supports advocated by the Eisenhower administration would tend to encourage larger sales of farm products and bring prosperity to farmers and strengthen the national economy.

In another farm development, the Department announced that heavy rains have damaged vegetable crops in southern Texas, where drought conditions previously had been the top farm problem. Rains that fell in the lower Rio Grande Valley earlier this month flooded out 4,000 acres of early spring tomatoes, 2,000 acres of early spring sweet corn, 2,000 acres of late cantaloups, and about 2,500 acres of other vegetables.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. CARLSON. I wonder if I understood correctly the Senator from North Dakota to say that if some action was not

taken at this session of Congress, the wheat acreage would be reduced next year to 55 million acres.

Mr. YOUNG. The Senator is correct.

Mr. CARLSON. I think that is a serious problem confronting Congress, and that an opportunity should be afforded to consider it.

Mr. YOUNG. In view of world conditions, and in the light of widespread drought conditions throughout much of the United States, I think it would be a serious mistake to reduce the wheat acreage next year to 55 million acres

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS

The PRESIDING OFFICER. Morning business is closed. The Chair lays before the Senate the unfinished business, which is H. R. 6342.

The Senate resumed the consideration of the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

The PRESIDING OFFICER. The Chair wishes to advise that the Senate is proceeding under a unanimous-consent agreement entered into on April 15, 1954.

Under the unanimous-consent agreement, debate on any amendment or motion—including appeals—shall be limited to not exceeding 60 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the Senator from California [Mr. KUCHEL] in the event he is opposed to such an amendment or motion; otherwise, by the mover and the minority leader or some Senator designated by him: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further*, That debate upon the bill itself shall be limited to not exceeding 1 hour, to be equally divided and controlled, respectively, by the Senator from California [Mr. KUCHEL] and the Senator from Texas [Mr. JOHNSON].

Mr. HUMPHREY. Mr. President, I call up my amendment 4-8-54-d, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to add a new section to title I of the bill, as follows:

Consent is hereby granted to the head of any Federal department, bureau, agency, or independent office to negotiate for administrative payments to State and local governments on property the title to which property rests in the United States pursuant to this title. It is the intent of such negotiations to insure that the Federal Government will make administrative payments in lieu of taxes to the same extent and in the same amount as if the property were taxed according to its value and as if the property was privately owned. Any payment so negotiated shall be based upon an assessed valuation which does not represent a larger percentage of true valuation than is used by

assessing authorities in valuing property generally for tax purposes within the taxing jurisdiction.

The foregoing authority granted to the head of any Federal department, bureau, agency, or independent office shall only be valid until such time as the Congress of the United States provides, by law, a general policy regarding payments in lieu of taxes to local government on all classifications of Federal properties held within such taxing jurisdictions.

The PRESIDING OFFICER. Will the Senator from Minnesota advise the Chair the amount of time he yields to himself for the purpose of discussing his amendment?

Mr. HUMPHREY. I shall yield myself 15 minutes at this time.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 15 minutes.

Mr. HUMPHREY. Mr. President, the amendment which I have presented for the consideration of the Senate would add a new section to title I of the bill, and would apply only to such construction under lease-purchase agreements as is contemplated under the terms of title I. In other words, the amendment does not apply to title II of the bill, which deals with post office lease-purchase programs. Post office construction is considered a very normal and routine part of the Government's public buildings' program. Almost every community in the United States wants to have a new post office, and, in my opinion, most of them deserve one. Therefore, the intent and purpose of my amendment is not to apply to post office construction or post office facilities; it is meant to apply to the provisions of title I, which would be under the general jurisdiction of the General Services Administrator or the agency concerned.

The purpose of my amendment is quite simple. The bill now under consideration provides that local taxes shall be paid for the entire period of the lease-purchase agreement. However, no provision is made in the bill for Federal payments in lieu of taxes after Federal acquisition. Therefore, my amendment simply states that whenever there is Federal construction of facilities, such as public buildings, under the terms of title I of the bill, once the Federal Government has gained full title and has acquired the properties under lease-purchase contracts, the Federal agency which has jurisdiction over the facilities or new construction shall negotiate with the local government, to insure that there will be administrative payments in lieu of taxes to the same extent and in the same amount as if the property were taxed according to its value and as if the property was privately owned. Any payment so negotiated shall be based upon an assessed valuation which does not represent a larger percentage of true valuation than is used by assessing authorities in valuing property generally for tax purposes within the taxing jurisdiction.

My amendment is not compulsory; it is not mandatory. However, if it be agreed to, it will authorize, by public law and consent, and thus by congressional policy, the head of any Federal depart-

ment, bureau, agency, or independent office to negotiate with State and local governments to the end that administrative payments may be made on property the title to which rests in the United States under title I of the bill.

Why is this necessary? First, the Federal Government has no standard of procedure, no body of rules, and no statutory law providing for payments in lieu of taxes. Some agencies of the Federal Government pay municipalities a gift in lieu of taxes. Other agencies pay nothing in lieu of taxes.

The senior Senator from California [Mr. KNOWLAND], the late distinguished Senator from Ohio, Mr. Taft, and other Senators, have had, and now have, bills pending before the Committee on Government Operations to provide a system, a procedure, and a code of rules for payments in lieu of taxes. I myself have pending before the Committee on Government operations a bill to consider the whole problem of payments in lieu of taxes. My bill has been before the committee in the 81st, the 82d, and the 83d Congresses.

What is more, the President's Commission on Intergovernmental Relations is now studying the entire difficult problem of payments in lieu of taxes by the Federal Government to local jurisdictions of Government. A special subcommittee has been recently established and constituted to study and to make recommendations with respect to an overall policy on the part of the Federal Government for payments in lieu of taxes.

Why is this important? Because municipality after municipality, city after city, is being robbed of its tax base and having it taken away because of the Federal acquisition of local properties. When there are added the tax exemptions on the properties of certain philanthropic organizations, charitable institutions, universities, and religious groups, all of which have tax-free property in the cities, and then there are added the tax exemptions accorded the Federal Government on the properties it acquires there soon will result so limited and restricted a taxable property base in a municipality that the tax burden will be unusually and unbelievably heavy on those who are still private property owners, and at the same time the municipality will not have sufficient revenue to provide the municipal services which are so essential to modern metropolitan living.

The bill as now written, without the Humphrey amendment, will provide that during the period of time of the lease-purchase contract, taxes will be paid to the municipality. My amendment provides that until such date as the Congress shall legislate in the field of payment in lieu of taxes, the same rate of taxes shall continue to apply, after the lease-purchase contract expires, as would apply upon other properties in the same area. It is a nondiscriminatory provision. In other words, it says to the Federal Government, "You get no more privileges and rights in this city than anybody else does. However, you will not bear an undue or unfair share of the tax burden."

If the Congress is to pass legislation like that now being proposed in the Senate, we might just as well face up to the fact that there is going to be a great deal more Federal ownership of property. As a matter of fact, I am quite surprised that some who have worried about Federal encroachment on State rights, and who have worried about the "creeping socialism" through ownership of property by the Federal Government, should be supporting the pending bill. However, be that as it may, the bill is before the Senate; and I say that if the Federal Government is going to build warehouses, which it most likely will; if the Federal Government is going to build office buildings, which it most likely will; if the Federal Government is going to build parking lots, or whatever else may be contemplated under the bill, which it can do, then the Government should make administrative payments in lieu of taxes, in the same amount anybody else would pay in the way of taxes.

I believe it is the duty of Congress to inform every Federal agency, save the Post Office Department, which is a normal function of Federal service, that when lease-purchase contracts for the acquisition of property are entered into, which can vary all the way from a parking lot to an office building, the agency interested ought to make a payment to the municipality, city, county, or State, which will represent its fair share of the cost of municipal service.

That is what the amendment proposed by me does. It is not mandatory. It does, however, set congressional policy. I believe the amendment would be unconstitutional if it were mandatory, under the case of *McCulloch* against Maryland. In that case the Supreme Court ruled that a State did not have the power to tax a Federal institution, and in that case Chief Justice Marshall used the expression so often quoted, that "the power to tax is the power to destroy." Therefore, in the case of *McCulloch* against Maryland a constitutional provision and limitation was cited, and the State government's action was ruled unconstitutional.

In the consideration of the Humphrey amendment the constitutional question is not before the Senate, because it is not a mandatory provision which is being outlined or proposed. What is being suggested is that congressional "consent is hereby being granted to the head of any Federal department." Secondly, "It is the intent of such negotiations to insure that the Federal Government will make administrative payments in lieu of taxes" to such local governments.

Mr. President, that about completes my case.

I ask unanimous consent to have printed in the *RECORD* at this point in my remarks a letter which I received from the American Municipal Association concerning the bill before the Senate, H. R. 6342.

There being no objection, the letter was ordered to be printed in the *RECORD*, as follows:

AMERICAN MUNICIPAL ASSOCIATION,
Washington, D. C., April 6, 1954.
The Honorable HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HUMPHREY: On behalf of the 12,000 member municipalities in 44 States of the American Municipal Association, I am writing this letter to urge you to oppose passage of H. R. 6342 (Senate Calendar 1035). We do so for the following main reasons:

1. One of the growing problems confronting municipalities is the steady erosion of the local tax base by the acquisition of increasing amounts of tax-free real estate by the Federal Government. As you know, the property tax constitutes the principal source of revenue for most cities—from 60 to 70 percent on the average. H. R. 6342 creates a new Federal device by which property can be removed from local tax rolls. Using the so-called lease-purchase plan (which is in reality a no-money-down installment purchase) the Federal Government can revise the tax base of local communities by obtaining more and more property without congressional review.

2. The problem of pay in lieu is one of the principal problems which the Congress will eventually have to solve. The local governments have been stopped from trying to solve this problem during this session of Congress because the National Commission on Intergovernmental Relations of which you are a member is attempting to arrive at a just, fair and overall solution to the problem. This is well and good. We support the move. But, it is difficult to read a letter from the chairman of the Senate Government Operations Committee dated April 5, 1954, in which he says that his committee has "unanimously agreed to defer hearings on this and other related bills [pay in lieu bills] until the report and recommendations of the Commission on Intergovernmental Relations are available"; and then to read to Senate calendar and realize that a new gimmick for the removal of Federal real property from local taxation is up for adoption. We protest this action because we feel that if we are prevented from having the pay-in-lieu situation corrected during this session of Congress; the least the Congress can do is to play fair with the local governments and not adopt any new devices which will accentuate the pay-in-lieu problem. We are willing to abide by the decision of the Senate Government Operations Committee. We are not willing to stand aside idly, however, while the Senate refuses to play fair with the local governments of America by likewise declaring a moratorium on its actions in regard to this matter. Adoption of this legislation under these circumstances would be gross unfairness.

3. President Eisenhower has said that one of the biggest obstacles facing his administration was the number of unpaid checks which his officials had to pick up from the preceding administration. This bill will allow the creation of an unlimited number of unpaid checks. As it now stands, the executive department could contract for any number of buildings that would eventually cost a half million dollars each, with no legislative check except a post facto report. This comes about by virtue of the fact that the Administrator is empowered to enter into lease-purchase contracts up to \$20,000 per year and up to 25 years in length. This adds up to a half million dollars. No limit is put on the number of such contracts he can enter into. If he enters into just 1 such contract a week for 1 year he commits the Federal Government to a \$24 million expenditure. If he enters into 1 such contract for 2 years he commits the Government to a \$48 million expenditure. And, as the bill is now before the Senate, there is no time limit on the authority to the Adminis-

trator. No provision is made for future congressional review of the authorization. One can readily see the number of unpaid checks which conceivably will come due during future administrations.

4. In his budget message, President Eisenhower stated that this budget marks the return to State and local government of those functions and responsibilities which it can best perform. It is axiomatic that local government cannot perform its functions without fiscal resources. From your experience in municipal government you know this to be true.

For these reasons respectfully it is requested that you aid in defeating this legislation on the Senate floor.

Members of our staff will be more than happy to confer with you on this matter and to bring to your attention any information which you might desire.

With warmest personal regards, I remain,
Sincerely,

RANDY HASKELL HAMILTON,
Director of the Washington Office.

Mr. HUMPHREY. Mr. President, it will be noted that in the letter the American Municipal Association, which represents 12,000 member municipalities in 44 States, asks the Congress of the United States not to adopt the proposed legislation, and to oppose the passage of House bill 6342, and the letter outlines the reasons, which are listed in four separate categories.

The first was the one I have just discussed, the matter of acquisition by the Federal Government of properties in municipalities, thereby destroying the principal source of revenue for most cities, which is the property tax. From 60 to 70 percent of the revenues of cities are derived from the property tax. The adoption of the lease-purchase plan would aggravate the situation of Federal acquisition of properties which will become nontaxable.

The second item in the letter of the American Municipal Association on the pending legislation, which was then before the committees of Congress, suggests, in reference to administrative payments in lieu of taxes, that the Congress should not be aggravating the problem by further Federal acquisition of properties while the Members of Congress and the administration are discussing the problem and trying to reach a solution.

Thirdly, the American Municipal Association in its letter notes that President Eisenhower has said that one of the biggest obstacles facing his administration is the number of unpaid checks which his officials had to pick up from the preceding administration. I think the American Municipal Association quite succinctly and appropriately states that "this bill will allow the creation of an unlimited number of unpaid checks."

Finally, the president of the American Municipal Association notes that in President Eisenhower's budget message he stated that "this budget marks the return to State and local government of those functions and responsibilities which it can best perform. It is axiomatic that local government cannot perform its functions without fiscal resources."

In a personal note, the director of the Washington office of the American Municipal Association, Mr. Randy Haskell

Hamilton, writes to the junior Senator from Minnesota:

From your experience in municipal government you know this to be true.

For these reasons respectfully it is requested that you aid in defeating this legislation on the Senate floor.

Mr. President, I happened to be mayor of a large city for a little more than 3 years, and I know that what is stated in the letter of the American Municipal Association is eminently correct.

Without going into the merits or demerits of the entire measure, I hope that the distinguished junior Senator from California [Mr. KUCHEL], who is handling the bill on the floor of the Senate, will see fit to accept my amendment, because I believe it embodies a principle which he, from his own experience in State government in California, knows to be a valid principle.

Mr. President, I yield the floor.

Mr. KUCHEL. Mr. President—

The PRESIDING OFFICER. How many minutes does the Senator from California yield to himself?

Mr. KUCHEL. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. KUCHEL. Over the years, and in varying degrees, the Federal Government has taken real property, by purchase or otherwise, off the tax rolls of local governments; and I completely agree with the philosophy which has motivated the distinguished junior Senator from Minnesota in advancing his amendment before the Senate today, affecting what has posed a recurring and a growing problem to county and city governments in the several States.

I am inclined to feel that the impact of Federal acquisition of property in the State of California has probably been greater than in any other State in the Union. I cite, for example, Mr. President, that of the total acreage of the State which I have the honor in part to represent, 100 million acres, the Government of the United States owns 45,900,000 acres, or somewhat in excess of 45 percent of the entire land area which comprises the second largest State of the Union. I can also draw upon what I hope is not a faulty memory, and suggest to you, Mr. President, that one the counties in California is owned by the Federal Government almost to the extent of 75 percent.

So I wish to say at the outset, in commenting upon the question raised by the Senator from Minnesota, by means of the amendment he has offered, that I agree we have a problem to face and to solve in this field. Both the subcommittee of the Committee on Public Works and thereafter the full Committee on Public Works debated and discussed that very problem. As a result of that discussion, the committee saw fit to include in the pending bill, both as to title I, with respect to the General Services Administration, I would say to my friend, the Senator from Minnesota, and as to title II, relative to the Post Office Department, the following provision:

(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject—

And I point out that the word "shall" is used in that connection—

to State and local taxes until title to the same shall pass to the Government of the United States.

That language appears in both title I and title II of the bill.

What does that provision mean, Mr. President? It means that until any contract in the nature of a lease-purchase contract is finally and completely fulfilled and until the Government of the United States has paid its entire obligation under the terms of the purchase agreement, title to the property will remain in private hands, and thus the property will be subject, under the laws of the State, to whatever ad valorem taxes are exacted by the government of the State or with respect to a State such as mine, which has no State ad valorem taxes, the property will be subject to the ad valorem taxes to be paid to the city or the county in which the property is located.

Another provision of the bill is that a lease-purchase contract shall not be executed for a period of time less than 10 years or more than 25 years. So in the normal course of any lease-purchase contract entered into under the pending bill, with the amendment presently written into it by the Senate Committee on Public Works, 10 years would normally elapse before any parcel of real property purchased under a lease-purchase contract would be transferred titlewise to the Government of the United States. The normal rule will thus be that after enactment of the bill and after the entering into of a lease-purchase contract on an installment plan, at least 10 years will have to pass before title to the property will be taken by the Government of the United States and before the property will pass from the tax rolls of the State, county, or city, as the case may be. I submit that interim period will give the House of Representatives far more than sufficient time to write the proper kind of law making provision for payments in lieu of or in place of ad valorem taxes. I think such a law should be written and drafted with extreme care, following a complete study of the entire problem, and with provision for the necessary exceptions.

Mr. President, what is attempted by means of the amendment submitted by the Senator from Minnesota? First of all, the Senator from Minnesota has suggested that the amendment constitutes consent on the part of the Federal Government to negotiate for payments in lieu of taxes, but nothing is mandatory under the provisions of the amendment. Thus, a situation could develop whereby, following negotiation, the Postmaster General would agree to make, in lieu of taxes, payments to town A, but would refuse to make them to town B. The same unfortunate possibility would exist with respect to the General Services Administration, in dealing with the problem.

In the second place, Mr. President, the amendment provides that—

Any payment so negotiated shall be based upon an assessed valuation which does not represent a larger percentage of true valua-

tion than is used by assessing authorities in valuing property generally for tax purposes within the tax jurisdiction.

The PRESIDING OFFICER. The Chair advises the Senator from California that the time he has allotted to himself has expired.

Mr. KUCHEL. Then, Mr. President, I yield myself 5 additional minutes.

The PRESIDING OFFICER. The Senator from California is recognized for 5 minutes more.

Mr. KUCHEL. Mr. President, I wish to point out—and I say to my friend, the Senator from Minnesota, that I am sure I am correct about this—that under the bill as now written, since title to the property would remain in private hands for 10 years, the property would be assessed by the local assessing agencies, and taxes would have to be paid by the private owner anyway.

Mr. MARTIN. Mr. President, will the Senator from California yield to me?

Mr. KUCHEL. I yield to the able chairman of our committee.

Mr. MARTIN. Is it not true that the Federal Government does not have any title, implied or otherwise, until the fulfillment of the agreement—that is, until the payment, in rentals, of the amount of the agreed value of the property?

Mr. KUCHEL. The Senator from Pennsylvania is entirely correct.

Mr. CASE. Mr. President, will the Senator from California yield to me?

Mr. KUCHEL. I yield to the Senator from South Dakota.

Mr. CASE. I understand that the amendment would be added to title I of the bill. Is that correct?

Mr. KUCHEL. Yes; that is correct.

Mr. CASE. It strikes me that would result in a very inequitable situation, under which an existing property—for instance, an existing Federal post-office property at a particular place—could be used by the Administrator of the General Services Administration for the construction of a new post office. It is my recollection of the provisions of the bill—unless they were changed during the time when I was away, attending the funeral, last week—that where property is owned by the Government and presently is used by the Government for post-office purposes, but where a new or larger post office is needed, the exchange can be effected only by bringing it under title I of the bill, under the Administrator of General Services. So, to make the amendment applicable to title I, but not to title II, would result in tax agreements in the case of those post offices, but not in the case of other post offices.

Mr. KUCHEL. The Senator from South Dakota is entirely correct, and I think he has put his finger on a situation that would be unfortunate and, I believe I can say, unfair, if the amendment were adopted.

I should like to pay my respects to the junior Senator from Minnesota, who did have an illustrious background in municipal government; and I should also like to tell him that I would enjoy working with him with respect to the bill he has introduced, relative to writing an overall policy of the Federal Government. However, I prefer not to have it

discussed on the floor of the Senate, but, rather, in the committee, where, as he himself has stated, my senior colleague from California [Mr. KNOWLAND] likewise has a measure designed to solve, or, at any rate, introduced in an attempt to solve, the problem we are now considering.

I wish to say, as I conclude, that I think every argument in favor of the adoption by Congress of a policy relative to payments in lieu of taxes is admirably met by the present provisions of the bill which the committee adopted relative to that specific subject; and I think the bill as now written is free from the serious questions of application which inhere in the amendment offered by the Senator from Minnesota.

For that reason, Mr. President, I most respectfully urge the Senator from Minnesota to consider withdrawing his amendment and permitting the Senate to proceed to vote on the question of the final passage of the bill.

Mr. HUMPHREY. Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator from Minnesota has 16 minutes remaining.

Mr. HUMPHREY. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, I appreciate the intelligent and informed discussion of the bill and the amendment by the distinguished junior Senator from California. I should like to make one or two observations which I believe would be helpful, regardless of what may happen to the amendment which I have offered.

First of all, the pending bill, the lease-purchase bill, has a provision which necessitates the payment of taxes during the period of time of the lease-purchase contract. Of course, it has such a provision, because during the time of the lease-purchase contract the property is owned by the private contractor, and not by the Federal Government. The Federal Government is in the position of a renter. It is in the position of the party who under a lease pays the rental. In making such lease payment it also pays for the taxes, because that is a part of the lease payment. Any private builder or real-estate operator would figure the cost of his overhead in the charges for rent.

The amendment of the junior Senator from Minnesota is directed toward a situation in which the Federal Government may pay up in advance on a lease-purchase agreement when the 25-year period, the 10-year period, or what period is agreed to under the lease-purchase contract, is not fully utilized. It is entirely possible, under the terms of the pending legislation, for the Federal Government to make accelerated payments, thereby obtaining its title to the property long before the lease-purchase contract contemplated. To be sure, under a 25-year lease-purchase contract, the municipality would be sure of 25 years of tax payments. But let us assume that the Federal Government, under the

lease-purchase contract, amended the contract so that in 5 years or 10 years the contract was paid off. Then there would be a period of 20 or 15 years in which the municipality would not receive any tax revenue.

The validity of the argument of the junior Senator from Minnesota is testified to by the fact that, under the terms of the bill, during the period of the lease-purchase contract taxes are to be paid upon these properties. The Senator from Minnesota says that if it is valid for taxes to be paid on such properties while the Federal Government is occupying the facilities as a renter or lessor, then it is valid for the Federal Government to make an administrative payment in lieu of taxes upon the same properties, located in the same cities, serving the same people, in the same State, and in the same country, after the Federal Government obtains title.

Something must be done to focus attention upon this growing problem. If I had no other purpose in offering the amendment, it offers us an opportunity to remind the responsible officials of the Government that the Federal Government is acquiring ownership of more and more real estate. The Federal Government is moving more and more into the tax bases of municipalities by taking away personal or private property for governmental purposes. Such property is then no longer available for the tax base of the city. Today our municipalities are suffering from the lack of fiscal resources. Today our municipalities are incapable of taking care of even a modicum of municipal service, because of inadequate municipal resources. State legislatures give them little or no attention. The Federal Government moves in, like a parasite, and takes away a slice of the tax base. Millions of people live in cities which have inadequate resources.

Mr. President, my amendment is very simple. It merely provides that, until such time as the Congress legislates completely in the field with an overall program, the principle of payment in lieu of taxes shall be applied to the properties covered by this proposed legislation. It provides that such properties shall not be utilized to aggravate the present problem resulting from the failure of the Federal Government to make payments in lieu of taxes.

I had hoped that my able friend and colleague from California would see fit to accept my amendment. I realize that already, along with his fellow Senators on the committee, he has done yeoman service in writing into the bill a provision for the payment of taxes during the lease-purchase contract period. I am grateful for that, but it seems to me that it is a valid point to ask for its continuation. It does little or no good to say that some day we are going to legislate in the field of payment in lieu of taxes.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. I yield myself 2 additional minutes.

The truth is that we have not legislated, and I gather that it may be a long

time before we do so. We are about to open up a Pandora's box of Federal construction, Federal ownership, Federal title in cities to lands and properties which formerly were a part of the municipal tax base. All I am asking in my amendment is that we do justice to the cities and States.

Mr. President, I ask for favorable consideration of my amendment. It does not apply to title II. I realize the point which the Senator from South Dakota [Mr. CASE] brought to our attention. However, title I is a specific provision relating to the General Services Administration. Most of the construction under title I will not be represented by additions to post-office buildings. It will consist mainly of barracks, warehouses, and other Federal facilities of a dozen different kinds.

I am rather surprised to see my friends on the Republican side of the aisle proposing a bill which puts the Federal Government into the ownership of more and more properties in the United States. I thought it was the party of free enterprise. I am amazed to see that the Grand Old Party has now finally reached the point where it wants to see the Federal Government move in, step by step, inch by inch, block by block, to take away the great free-enterprise tax base, the private property of the American people. That is what would happen under the terms of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. KUCHEL. Mr. President, I yield 5 minutes to the distinguished Senator from South Dakota [Mr. CASE].

Mr. CASE. Mr. President, the argument which the Senator from Minnesota advances appeals to every Senator, because we have all been plagued by the problem of depletion of tax bases, rural as well as urban. The Federal Government is acquiring more property, rural as well as urban. However, if a Pandora's box is to be opened, it seems to me it would be opened by applying the provision for payment in lieu of taxes in one particular field, and not doing anything about other fields. The problem in this particular field is not urgent. As Senators have pointed out, under lease-purchase contracts, during the period of the holding of the fee title by the contractor taxes will be paid. Title will rest with the contractor until the term expires and the property is turned over to the Government. Ten years has been suggested as the minimum period, so there is no great urgency about dealing with this problem at this particular point.

What is here proposed would establish a precedent for preferred treatment in dealing with the tax problem, but doing nothing about the much larger problem which exists where there is land, both in rural and urban areas, which has been taken over for Army, Navy, or Air Force purposes. Some years ago I became quite concerned over this problem. In the 1930's certain lands in my State had been purchased under the so-called submarginal land purchase program.

Many counties found a great deal of their land being bought by the Federal Government and taken off the tax rolls. I introduced a bill to do something about it. Then I discovered that it was not a local program in my particular community, but that that condition existed in many States. I found that someone from New Jersey desired an amendment to make the provision applicable to depots for the Navy or for the Army. The problem became so much broader that it was recognized that we ought not to give preferred treatment to one segment of it, but that it ought to be considered as a whole.

The argument for doing something about it applies to the entire field. It does not apply so much to doing something in a field with respect to which no emergency exists. These properties will be on the tax rolls during the period of the lease-purchase contracts under title I.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. Are there any further amendments at the desk?

The PRESIDING OFFICER. There are no further amendments at the desk. The bill is open to further amendment.

Mr. MAGNUSON. Mr. President, I shall make a motion to recommit the bill and I shall address myself to the bill in general after the motion is made.

Mr. President, I move to recommit the bill to the Committee on Public Works.

The PRESIDING OFFICER. The question is on the motion of the Senator from Washington. The Senator from Washington is allotted 30 minutes on his motion. How much time does he yield to himself?

Mr. MAGNUSON. I yield 30 minutes to myself, and I shall speak on the bill.

The PRESIDING OFFICER. The Senator from Washington is recognized for 30 minutes.

Mr. MAGNUSON. Mr. President, I wish to address myself to the bill, and I hope I shall not take the full 30 minutes. I appreciate that the Senate has adopted some perfecting amendments to the House bill. However, having been in Congress for a considerable number of years, I do not have too much hope that the House will recede from the terms of the original bill. Therefore I wish to address myself to the general policy involved, not to the specific Senate amendments or to the specific provisions of the bill.

I am opposed to the lease-purchase bill for many reasons. I said on the floor of the Senate last week that it gives promise—and I underline the word promise—of being a grab bag, particularly for money lenders.

Federal buildings produced and acquired under this proposed legislation

will cost the taxpayers of this country many millions of dollars more than under the appropriation method. The committee itself states that if this bill becomes law there will be three methods for acquiring space for Federal agencies. First, the appropriation method which we now use; second, the lease-purchase method authorized by this bill; and third, the straight rental method, which has been used in times past in connection with small buildings, particularly post offices, and in cases of emergency, when the Federal Government did not have time to erect a building, particularly in the District of Columbia area during war periods.

The committee states that of these three methods—and I ask the Senate to mark this point—the first is the cheapest, and that the straight rental method is the most expensive. Supposedly, the lease-purchase program authorized by the pending legislation would fall somewhere in between. That may be true, but, as I said on the floor of the Senate last week, here we have presented to us a new proposal for the construction of Federal buildings, and the main reason given for it in the report is that we should not make appropriations because we cannot afford to do so. In the committee report it is stated that the proposed method will cost more than the appropriation method.

I wish to point out that the lease-purchase method is much more costly than the appropriation method, and probably much more costly than the public and most Members of the Senate realize.

I call attention to the fact that the committee has provided no estimate as to what this lease-purchase program will cost, as compared with a building construction program financed honestly and factually by appropriations. If the Federal Government needs a building we should appropriate the money for it.

Mr. KUCHEL. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I should first like to conclude my statement; then I shall be happy to yield.

If the Federal Government needs a building, it should come to Congress and ask it to appropriate the money for it. That is the cheapest way to do it. If we cannot afford to do it that way, why enact a bill like this and pile up the costs to which I am about to refer under this method, which the committee itself says is more costly than the old method?

The committee has provided no estimate as to what the program will cost. I was curious on that point. I thought the Senate should have some information to guide it in its deliberations on this measure. Therefore I asked the Library of Congress to provide me with some figures. To me they are most interesting. Let me demonstrate what I mean.

We are talking about saving money. Yet we are presented with a program which will be much more costly than any other program.

Estimates as to the amount of construction which would take place under this bill vary. Some have quoted a figure as high as \$3 billion. For purposes of illustration, I have assumed that \$900

million worth of construction would take place under this program.

All of us know that a builder will not construct a Federal building without making a profit. I am assuming that he would make a profit of approximately 10 percent, which is the average profit on construction. Under the proposed lease-purchase program the builders—and I ask Senators to mark this point—would go to their bankers to borrow the money. Naturally, they would borrow enough to cover their estimated costs, or \$900 million, plus a legitimate profit. For easy figuring, let us assume the builders borrow \$1 billion. This amount would cover the cost of construction, plus the profit. Collectively, the mortgage total would be \$1 billion.

I doubt that the interest rate on these mortgages would be less than 4½ percent. That is the normal, average rate of interest on money lent for construction purposes. Let us assume that the rate is 4½ percent, and that the lease-purchase contract runs for 25 years. The total cost of these buildings to Uncle Sam would be \$1,686,000,000, in round figures, as compared to \$900 million under the straight appropriation method. The amount of \$686 million is the amount of interest the taxpayers will pay on a program of the magnitude I am discussing.

The annual payment to amortize the cost of the buildings, plus interest over a 25-year period, would be \$67,439,000.

Let us assume that the Federal Government were to finance the same building program by appropriations, which is the honest way to do it. The cost of the money to the Government would be not more than 2½ percent. It would be in the ratio of whatever the deficit of the Federal Government was for the fiscal year. It would be less than that, but let us assume it would be 2½ percent. Over a 25-year period the interest charge would be \$357 million in round figures.

In other words, it would cost Uncle Sam, at the highest figure we could assume, \$329 million more in interest alone to finance a \$1 billion construction program under this proposed legislation than it would cost if Congress made the appropriations directly.

That is quite a tribute to pay to the moneylenders, particularly at a time when we hear so much talk about economizing. In addition, it is an extremely high price to pay in the name of a balanced budget for the sake of a balanced budget.

Let us assume that the money costs the builder 5 percent. In that case the total interest the Federal Government would ultimately pay on a \$1 billion construction program would amount to \$774,855,000. In that case the buildings would cost the taxpayers \$418 million more in interest than they would cost if Congress appropriated the funds.

If builders had to pay 5½ percent for their money, the difference in cost would be \$507 million. The total interest would be \$864 million, in round figures.

This, however, is not the full story. We still have to consider taxes. Under this bill the title would not pass to the Federal Government until final payment is made.

In consequence, the builder would pay local taxes on the property. The property with improvements would remain on the tax rolls.

This may be a desirable provision. Many of us in the Senate have thought the Federal Government should make some payments in lieu of taxes to States and municipalities. Under the Constitution, however, States and political subdivisions may not impose a tax on the Federal Government. This bill provides a backdoor method for permitting the Federal Government—through annual installments on lease-purchase buildings—to pay the taxes.

I am not arguing the merits or demerits of the proposition. I now merely want to demonstrate the additional cost to the Federal Government of acquiring buildings under this legislation attributable to local taxes.

For illustrative purposes, I have taken two cities—Seattle and Baltimore—on opposite sides of the country. I realize, of course, that the Federal Government is not going to acquire a billion dollars worth of construction in Baltimore or in Seattle. The property tax rates in those two cities, however, will demonstrate the point I am making.

In the State of Washington we have a constitutional limitation on real estate taxes of 40 mills. Assessment valuations are made at 50 percent of true value. On a billion dollars worth of construction, therefore, the annual real estate tax will amount to \$20 million. Over a 25-year period these taxes would add \$500 million to the cost of these buildings.

In addition, there are local levies. In Seattle they amounted to \$6.60 per thousand in 1953. Assuming this rate will continue, this would add another \$165 million, or a total of \$665 million in taxes over 25 years.

Mr. President, that is probably more than the cost of the buildings themselves.

In Baltimore, the rate is \$20.80 per thousand. Assessments are supposed to be made at 75 percent of value. The annual taxes on a billion dollars' worth of construction would be \$21,600,000. Over a 25-year period taxes would increase the cost to the Federal Government by \$540 million.

Let us go back and figure out what the total additional cost of a billion dollars' worth of construction would be, taking into consideration the additional interest charge and the additional tax bill.

Assuming that builders acquired their money at 4½ percent, it will be remembered that the additional cost was \$329 million in round numbers.

If the construction took place in Seattle, or in a comparable city, the increase in cost under this proposed legislation would be—in taxes plus interest—\$329 million plus \$665 million, or \$994 million.

If the construction took place in Baltimore, or in a city of comparable circumstances, the total additional cost would be \$329 million, plus \$540 million, or \$869 million.

If the money cost the builders 5 percent, an additional \$89 million, in round

figures, would have to be added. If money cost 5½ percent, \$168 million would be added.

It is apparent from the figures I have cited that construction under this program is going to cost the taxpayers almost double what it would cost them if Congress appropriated the funds—figuring interest and taxes alone. The committee was certainly correct when it said in its report that the appropriation method of constructing Federal buildings is the cheaper.

Over and above the costs I have mentioned, there are other hidden costs which I think will increase Uncle Sam's outlay under this program.

Personally, I think there will be a strong inclination on the part of the Postmaster General and the General Services Administrator, to acquire by lease-purchase buildings which will incorporate more frills and furbelows than will be necessary to meet an agency's needs. There would be strong incentive to add features that really are not necessary.

It is like buying an automobile or a refrigerator or a gas or electric stove on time. The customer tends to purchase something more expensive than he can actually afford. All of us do that when we purchase on the installment plan. It is simply human nature. There is no way of estimating the cost that would be added from this source. In my judgment, however, it would be substantial.

Furthermore, I find nothing in this bill which requires General Services Administration or the Post Office Department to prepare its own designs. The bill and report speak of competitive bidding, but actually the only way we can have competitive bidding is if all the parties are preparing their estimates on the same set of plans.

Under this program a 25-year contract can be entered into by negotiation. Since the individual builder will be submitting his own set of plans, there is in reality no competitive bidding in the true sense of the word. The Federal agencies will be merely checking on the estimates the builder and his architect have prepared.

Let us assume that three contractors bid on a post office in Seattle. As this bill is drawn, the Postmaster General or Administrator of General Services could decide that the contractor with the fanciest set of plans should get the award. As I said before, there would be an actual incentive to do that because the day of reckoning would be postponed and because Congress would not have the check on the executive branch that it would have if the appropriations were made directly.

I raise these questions:

Does the Senate of the United States want to authorize payment of taxes to States and their political subdivisions by way of this lease-purchase bill?

Second. Do we need these buildings so badly that we are willing to pay tribute in the magnitude I have already mentioned—namely, \$329 million in additional interest over a 25-year period on a billion-dollar construction program?

There is still one other thing I want to mention. The committee report says that—

The General Services Administrator would make use of this legislation when (1) there is no suitable Government-owned space available, (2) there is no prospect of direct Federal construction within a reasonable period of time.

Mr. President, the General Services Administrator has to be a crystal ball gazer to figure that one out. Supposedly he will look into his crystal ball and decide that "there is no prospect of direct Federal appropriation." He will go into a seance with himself and decide that Congress is in no mood to appropriate money or that the President and his Bureau of Budget are penny-pinchers, and, hence, that he should construct buildings under this proposed legislation.

Mr. MORSE. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. Let me finish one paragraph, and then I shall be glad to yield.

Mr. President, the executive branch is deciding what the Congress will or will not do. The only way to ascertain what the Congress will do is to come before Congress with a sensible program and talk to us about it. If the need is great, Congress will appropriate—provided, of course, the executive branch is not more interested in claiming a balanced budget than in achieving real economy.

Mr. President, I wish to digress at this point. The only purpose of a bill in which the Government will get \$900 million worth of buildings in 25 years, while the taxpayers will have paid more than \$2 billion for the buildings, is merely to show that it is not necessary for the executive departments to come before Congress and to ask to have the money appropriated. That is the only purpose of the bill. I could say some other things about the bill, just as the Senator from Virginia [Mr. BYRD] has done on several occasions.

There is now in progress an investigation with respect to Federal housing. Unless I am wrong, if the building program is started under the provisions of the bill, future investigations of abuses and costs to the taxpayers will make the Federal Housing Administration investigation look like a Sunday-school picnic.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MORSE. I share the viewpoint expressed by the Senator from Washington. In my judgment, not only is this a form of unnecessary subsidy, but really, in the long run, it will prove to be a form of extortion, so far as the taxpayers are concerned.

As one member of the Committee on Public Works, I desire the RECORD to be perfectly clear that the bill does not come to the Senate with the unanimous consent of the Committee on Public Works. Three members of the committee are on record as opposing the bill. I understand that a fourth member of the committee is considering modifying his position on the bill. The committee

has only eight members. So, as of now, the vote on the bill stands 5 to 3. I think before the final yea-and-nay vote is taken on the bill, it will be found that the Committee on Public Works is split down the middle—4 in favor of the bill, and 4 against it.

The Senator from Washington this afternoon is placing in the RECORD the information relative to costs which really is needed to demonstrate to the American people that the bill is decidedly against the best financial interests of the public.

Mr. MARTIN. Mr. President, will the Senator yield? I desire to make a correction of the statement made by the distinguished Senator from Oregon.

Mr. MAGNUSON. I yield.

Mr. MARTIN. When the bill was considered, the Committee on Public Works consisted of 11 members; it now has 13 members.

Mr. MAGNUSON. I do not know whether it has 11 or 13 members.

Mr. MORSE. The Senator from Pennsylvania is correct. There are now 13 members of the committee. But when the vote was taken on the bill, my recollection is that 8 votes were cast—5 in favor of the bill, and 3 against it.

Mr. MAGNUSON. I do not know about that. But I cannot understand how a Senate committee, which has dedicated itself to economy in connection with a public-works program, as it has done in prior administrations and in this administration, can report a bill which will cost the American people double what they are now paying. In fact, I think the cost will go higher than that, because contractors will submit their own designs.

As I have already pointed out, it will be like buying on the installment plan. One who buys on the installment plan always purchases a larger refrigerator or car than if he pays cash or appropriates funds directly, which is the old tried-and-true method.

Throughout the history of the United States, in the Nation's building program there has been a most complete lack of any scandal arising from padding, or anything similar to it, because Congress has supervised the construction of public buildings, almost to the extent that sometimes Members of Congress have thought there should be some relaxation. But here it is proposed to begin a method of construction which could lend itself to all kinds of abuses, let alone a doubling in cost. I am speaking only of a \$900 million program. Someone has said the cost might go to \$3 billion.

Furthermore, approximately 10 percent interest will have to be paid to the moneylenders of the country. I do not blame them for getting their interest. That is the good American way of doing business in connection with the lending of money. But I do not believe the Federal Government should have to pay, merely for the sake of being able to say it is coming close to balancing the budget, while at the same time it is foisting the excessive cost on the public.

Many times I have heard Senators on the other side of the aisle say, "Our

children's children will have to pay the bills." Believe me, they will have to pay this bill.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. KUCHEL. Is the Senator from Washington aware of the fact that, in many instances, the Federal Government has paid rent on the same buildings for 50 years, and that at the end of that time it has acquired no title and no equity whatsoever in the property?

Mr. MAGNUSON. Yes; I am aware of that fact. But in many cases it has been desirable to rent the buildings because it was necessary to obtain space quickly. But I know what this program will do. The Federal appropriations for construction can be thrown out the window, although the appropriations have been for very small amounts.

Mr. KUCHEL. Is the Senator from Washington aware of the fact that for more than a decade and a half there have been no new public buildings constructed by the appropriation method?

Mr. MAGNUSON. Oh, yes; and the Senator from California knows that the reason is that during the war there was no public works construction program.

Mr. KUCHEL. Is not that the reason, probably, why Congress will refuse to make appropriations for public buildings during the next several years?

Mr. MAGNUSON. That will be up to Congress. But the officials in the executive departments should have the courage to come to Congress and to say that they need new Federal buildings. If Congress chooses to turn them down, that will be another story. But the bill under consideration provides a backdoor method for the construction of buildings which will cost the taxpayers three times as much as under the direct appropriation method.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MORSE. One of the strangest arguments which has been developed, which started in the last session of Congress, and which I have heard over and over again at this session of Congress—and this comment applies not only to these particular projects, but also to some others to which I shall call attention—is that because Congress does not appropriate funds for new building construction, therefore a bill should be enacted to provide for an installment purchase plan, which will cost the taxpayers much more than they should have to pay for a public works building program.

The administration is pulling this gag in connection with the development of our national resources in the field of electric power. The administration wants the taxpayers to pay the private utilities of the United States for the building of so-called power development facilities, and to have the consumers pay far in excess of what the cost of such projects should be.

The time has come to call a halt to the holding up of the taxpayers by reason of excessive costs for the development

of public works, which ought to be built and owned by the people in the first instance. That is why I think the bill is so much against the public interest.

Mr. MAGNUSON. The Senator from Oregon and I understand the development of the public works program in connection with natural resources. The argument is made that Congress will not appropriate funds. I have always said, "Come to Congress and ask for the funds. Then, if Congress declines to appropriate funds, that is another story."

In the case of the power program, I may say to the Senator from Oregon that what is being done is to require the people to go, with their hats in their hands, to the lower end of Manhattan Island and to pay tribute on loans, over a 40-year period, for a power development program which may provide some power, but not cheap power. Let Senators take their pencils and compute the difference between the cost of building a dam on a 40-year-loan basis and the cost under a direct-appropriation method.

Consider a situation now under discussion in a committee of which I am a member. The United States is not building any new ships. Do Senators know the type of bill which is under consideration? It contains almost the same type of provision as is included in the bill now under consideration. It guarantees 100 percent of all the money to be loaned for the building of ships. Again, we hear the same argument, namely, that the Government is afraid to go to the Committee on Appropriations and to ask for funds for ship construction. The old method has worked well since it was put into effect, and there has not been one default by the shipbuilders.

Mr. KUCHEL. Mr. President, will the Senator yield for a brief comment?

Mr. MAGNUSON. I yield.

Mr. KUCHEL. As the Senator from Washington well knows, there is nothing in the bill which has to do in any way with the power policy of the Government of the United States.

Mr. MAGNUSON. Oh, no; the Senator from Oregon and I have said that the same method is being followed with respect to that policy as is sought to be followed in the bill under consideration.

Mr. KUCHEL. The purpose of the bill is to give the Government of the United States the same opportunity to make time purchases of buildings as the average American families in this land today are using to purchase the homes in which they live.

Mr. MAGNUSON. Is the Senator from California speaking on my time, or on his own time? Or will the Senator yield time back to me?

Mr. KUCHEL. I will yield time to the Senator from Washington.

There are two traditional ways in which the Government of the United States has occupied property. It has bought the property, which is the cheapest way, or it has rented it, which is the most expensive way.

This bill, for the first time, presents to the Government a third manner of occupying property, namely, lease-purchase. Of course, it is a more expensive method than outright purchase, but it is

less expensive than 50-year rentals, and at the end of 50 years, the Government has nothing at all.

Mr. MAGNUSON. The Senator from California knows that the percentage of rentals is very small. Most instances of rentals have occurred when building programs could not be conducted because of a shortage of building materials, or because of an emergency, or because a building was to be occupied by an agency of the Government which had been created for a special purpose. But I am not speaking about special functions of the Government.

If the Government contemplates building a post office to cost \$100,000, and it appropriates the money for the construction, the Government will receive \$100,000 worth of building. Under the bill, the Government will receive \$90,000 worth of building, while having paid \$200,000 for the building over a period of 25 years. I cannot understand why the Government should have to pay the excessive cost simply because the officials in the executive departments are afraid to come to Congress and ask for appropriations.

I cannot assume that Congress will stop appropriating money for needed Federal buildings under any circumstances. That is why I think the bill is so vicious. That is why I have put into the RECORD the figures I have cited. Those figures are correct; they have been checked time and again. Under a billion-dollar program, our children's children in 25 years will have to pay for an expenditure which will be in excess of \$2 billion. If that is economy in government, I do not know what that expression means. The bill is being proposed because officials are afraid to come before Congress and ask for the construction of needed public buildings.

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. What is the time situation?

The PRESIDING OFFICER. The junior Senator from California [Mr. KUCHEL] has 30 minutes remaining.

Mr. KNOWLAND. Mr. President, with the permission of the junior Senator from California, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Dirksen	Hunt
Anderson	Duff	Jackson
Barrett	Dworshak	Jenner
Beall	Eastland	Johnson, Colo.
Bennett	Ellender	Johnson, Tex.
Bricker	Ferguson	Johnston, S. C.
Bridges	Flanders	Kefauver
Burke	Frear	Kilgore
Bush	Fulbright	Knowland
Butler, Nebr.	Gillette	Kuchel
Byrd	Gore	Langer
Capehart	Green	Lehman
Carlson	Hayden	Magnuson
Case	Hennings	Malone
Clements	Hickenlooper	Martin
Cooper	Hill	Maybank
Cordon	Holland	McCarran
Daniel	Humphrey	McClellan

Millikin
Morse
Mundt
Murray
Neely
Pastore
Payne
Potter

Purtell
Robertson
Russell
Saltonstall
Schoeppel
Smathers
Smith, Maine
Stennis

Symington
Thye
Upton
Watkins
Welker
Wiley
Williams
Young

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion of the Senator from Washington [Mr. MAGNUSON] that the bill be recommitted.

Mr. KNOWLAND. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. What is the amount of time remaining?

The PRESIDING OFFICER. Twenty-four minutes.

Mr. KUCHEL. Mr. President, I shall speak very briefly against the motion to recommit the bill made by the senior Senator from Washington.

The committee had long hearings on the bill, which began last year and were concluded this year. The committee adopted an admirable tool, which can be used economically by the Government. Protections for the public were written into the bill both in the committee and during debate on the floor of the Senate. It seems to me that the Senate should reject the motion to recommit, and then vote the bill up or down.

Mr. MAGNUSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Washington?

Mr. KUCHEL. I yield.

Mr. MAGNUSON. I wish to state that I made the motion to recommit because I am opposed to the entire bill, but I made the motion so that I might have time to make a statement. However, I think it would be better legislative procedure if I asked unanimous consent to withdraw my motion to recommit, and let the Senate vote on the final passage of the bill, with the understanding that the vote be taken by the yeas and nays.

Mr. KUCHEL. Very well.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Washington? The Chair hears none, and the motion is withdrawn.

Mr. KNOWLAND. Mr. President, do I understand correctly that the motion to recommit has been withdrawn?

The PRESIDING OFFICER. The Senator understands correctly.

Mr. KNOWLAND. Have the yeas and nays been ordered on the final passage of the bill?

The PRESIDING OFFICER. The yeas and nays have not yet been ordered.

Mr. KNOWLAND. Mr. President, on the passage of the bill I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, what is the time situation?

The PRESIDING OFFICER. There is remaining 1 hour for debate on the bill itself, the time to be evenly divided between the Senator from California [Mr. KUCHEL] and the Senator from Texas [Mr. JOHNSON].

The bill is open to further amendment.

If there be no further amendment, the question is on the third reading of the bill.

The bill was ordered to a third reading and was read the third time.

Mr. HOLLAND. Mr. President—

Mr. KUCHEL. Mr. President, I yield to the Senator from Florida 10 minutes of the time of the proponents.

The PRESIDING OFFICER (Mr. WELKER in the chair). The Senator from Florida is recognized for 10 minutes.

Mr. HOLLAND. Mr. President, I have listened with a great deal of interest to the arguments which have been advanced ably by my distinguished friend, the Senator from Washington [Mr. MAGNUSON], in support of his motion to recommit, which motion I understand he has now withdrawn, but which arguments are equally applicable, insofar as they are valid, to the bill itself, which now is ready for final vote upon its merits.

Mr. President, I believe the distinguished Senator from Washington has entirely overlooked the principal objective of the bill, namely, to substitute a better system for the one we now have, which is not a good system, not a satisfactory system, and not an economical system.

Mr. President, I have received certain figures from the Post Office Department alone, and they indicate the enormous rent structure we have in that Department at this time. Most of the rentals are paid upon buildings that were not designed to render post-office service. Many of the rentals are paid upon buildings on which the Government cannot secure longtime leases, and on which the rentals are out of proportion to any values that are obtained under the leases.

From the figures which I have received today from the Post Office Department, it appears that 6,809 post-office buildings, consisting of either stations, branches, or terminals, are now used by the Post Office Department alone, under rental arrangements. I repeat that the total number is 6,809.

In addition, 147 garages are so used under leases by the Post Office Department. Twenty airmail terminals are so used by the Post Office Department. There are 51 post-office transportation buildings, and there are 9 truck terminals—or a total of 7,036 buildings, used by the Post Office Department alone under leasehold arrangements.

Mr. FULBRIGHT. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. FULBRIGHT. The Senator from Florida knows a great deal about the bill, and I should like to direct his attention in a somewhat different direction. I believe that theoretically he is quite correct in the position he takes regarding the bill; and let me say that I had intended to vote for the bill. However, at this time I am a little in doubt about it.

The question that bothers me is as to the safeguards against abuse under the bill—in short, against the sort of difficulty that has developed under the Federal Housing Administration.

If I could be fairly sure that advantage would not be taken of the Government

in connection with the leases which are to extend over a long period, and if I could be fairly sure that the bill provides adequate safeguards from the point of view of preventing improper leases, I would be glad to vote for the bill, and would do so with a clear mind. That is the point that disturbs me in connection with the bill and the amendments.

Mr. HOLLAND. Mr. President, I can say to the Senator from Arkansas that not only did the committee place in the bill all the safeguards—it could work out—and there are a great many of them, and they have already been stated during the debate—but the Senate itself has increased those safeguards since the bill has been under debate, by requiring that all projects be submitted to the specified Senate committees for approval, and by adding other provisions, such as the one bringing the Bureau of the Budget into the group of agencies which must approve the projects. The result is that, in fact, the Bureau of the Budget will be the last executive agency to approve a proposed project and to certify it to the specified Senate committees, for their approval.

Mr. FULBRIGHT. Let me ask the Senator from Florida another question: Will the last-mentioned provision apply to individual projects, or will it apply to an overall amount annually?

Mr. HOLLAND. No, it applies to individual projects.

Mr. FULBRIGHT. It applies to individual projects?

Mr. HOLLAND. Yes.

Mr. FULBRIGHT. They will have to be approved by the Bureau of the Budget, will they?

Mr. HOLLAND. That is correct.

I may say that personally I did not agree with all of the amendments, in that I think they go much too far. I think the larger projects should be returned to the specified Senate committees for their approval; but I think the Senate in its zeal to provide adequate safeguards has gone further than necessary and further than will prove to be advantageous, because I believe it will be very burdensome to the Senate committees concerned to have to pass on all the minor items, under the certification required of the executive agencies as to what objectives must be fulfilled before a project can be undertaken, plus the careful auditing provided for, plus the entering of the Bureau of the Budget into the matter, as the last stage of executive approval, plus the further provision that the Post Office Department cannot use any amounts other than those directly appropriated from year to year, for its rental account, unless Congress sees fit to provide it with an additional specific amount. It seems to me that those provisions constitute every reasonable safeguard, and make it unnecessary to go so far as to require Senate committee approval in all cases.

However, I wish to say to the distinguished Senator from Arkansas that during the time I have served on the Public Works Committee—I have served on it now for approximately 7 years, I believe—I do not recall any measure reported by the committee, calling for

the investment of Federal Government funds, in which so many and so varied safeguards have been provided, as have been provided in connection with the pending bill. So I think the Senator from Arkansas may completely dismiss that doubt from his mind.

Mr. MAGNUSON. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. MAGNUSON. Will the Senator from Florida agree with me—and I invite the attention of the Senator from Arkansas [Mr. FULBRIGHT] to this question—that even assuming that the bill contains all the safeguards that are necessary, so that the Government will get what the bill provides for, it will cost the taxpayers almost twice as much as the cost would be under the direct appropriation method?

Mr. HOLLAND. I think the method provided by the bill will cost the taxpayers more than if direct appropriations were involved; but I do not think the bill will cost the taxpayers as much as the cost under the present very wasteful system, under which, after long periods of years, the taxpayers find that large sums of their money have been paid as rentals, without acquiring any equities whatever, and after having had to use unsatisfactory buildings throughout that period of time in many cases.

In my own State alone, which has grown rapidly in recent years, there are perhaps 100 communities large enough at this time to require a substantial building to serve for post-office purposes; but those communities do not have such buildings, and in many of them the Post Office Department is operating out of decidedly inadequate buildings; and under existing law adequate buildings cannot be provided for.

Mr. MAGNUSON. If better buildings are needed, why is not money for them appropriated?

Mr. HOLLAND. In reply, let me say that I have served on the same committee and in the same field under both Democratic and Republican administrations. The last time we tried to do something in this field, Congress appropriated \$40 million to acquire a backlog of sites and plans. Under that arrangement, we now have 340 post-office sites and plans, and we are thoroughly sold on the fact that whenever we can afford to build the old-type post-office buildings in the county-seat towns or towns of that size, we should do so; but at the same time we do not wish to withhold from the other thousands of communities or thousands of needs the modern, office-type buildings that we think will be provided under the system called for by the pending bill. So in that connection we have subtracted the 340 from the entire number in the field that will be supplied by means of the pending bill, and there remain approximately 6,500, plus the smaller groups, such as garages and airmail terminals and transportation buildings and truck terminals which, as to the Post Office Department alone, afford such a tremendous backlog that I do not think we could reach it in decades.

In addition, let me say to my distinguished friend, the Senator from Washington, that the need in this field is not confined to the post-office system. Similarly, in the field of the General Services Administration, in connection with the general housekeeping activities of the Government, we find that in the city of Washington alone, during our discussion some years ago of the so-called dispersal bill, at that time there were being housed, in buildings then used for office purposes, over 100,000 Government employees, although the structures in which they were working were actually designed, in some cases, as apartments or buildings of some other type, and were not at all adequate for the type of use to which the Government was putting them. But at that time we were advised, and we have been advised time after time by Mr. Reynolds, the Commissioner of Public Buildings—a very able and very conscientious Government official, and a very fine engineer—that we have been having to pay out large amounts of public funds without getting adequate results and without acquiring any equities, because he did not have authority to make long-term leases, much less to make lease-purchase arrangements.

Mr. President, when we have been advised by a source as reputable as the one I have mentioned—and the other day I mentioned that the Post Office Department, under the last two administrations, has given us the same information and advice—it seems to me clear that it is the duty of the Congress to devise a more modern and effective method of approach, and a less political method of approach.

Senators will recall that when the program which I mentioned a while ago, under which we appropriated \$40 million for the acquisition of sites and plans, was before the Congress, after the Senate had passed the bill and it went to the House, the House inserted a provision that one post office site should be supplied in each congressional district in the Nation.

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. KUCHEL. Mr. President, I yield 5 more minutes to the Senator from Florida.

Mr. HOLLAND. The result was to spread out the sites in such a way that in many districts where no acute need for a site existed, sites were made available, and in many areas where there had been rapid growth and the needs were acute, they could not be met.

This method would allow the executive agencies, always under the close supervision of Congress, and always with the requirement of approval by congressional committees, the Budget Bureau, and the General Accounting Office, which has overall accounting and auditing powers, to select places where the need for public service is most acute, and to see that such service is rendered.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. KEFAUVER. I ask the Senator to what agencies the bill, as amended,

would apply. As I understand, it would apply to the Post Office Department and the General Services Administration. Might it apply to the Armed Forces?

Mr. HOLLAND. No. It would not apply to the Armed Forces. It would not apply to any agencies except the two which the Senator has just mentioned, namely, the Post Office Department and the General Services Administration.

Mr. KEFAUVER. I invite the attention of the Senator to the language at the top of page 8. I read the sentence beginning on page 7, in line 23:

It is not the intention of the Congress that the program authorized by section 202 of this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the postal service.

I ask the Senator whether the Postmaster General would still be allowed to use his discretion as to which method should be pursued by the Government—either to erect the building itself, or to enter into an agreement of this kind.

Mr. HOLLAND. Congress must supply the funds if the Government itself constructs the building. However, we have saved the 340 sites referred to for just that type of project. In other areas, where there is particular need, the Congress always has the authority to act, and it does not seek to substitute this method for any general post-office-building program.

Mr. FULBRIGHT. The method provided by the bill would not be exclusive.

Mr. HOLLAND. The Senator is correct. Not only would it not be exclusive, but it is stated in the report to be in the nature of an emergency measure, so that the various agencies can supply the very grave needs at the places where the needs are most urgent, and where such needs are not now being met.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. McCLELLAN. The Senator has referred to the pending bill as an emergency measure or an emergency program, under which employment would be provided in communities where buildings were needed.

Mr. HOLLAND. The Senator is correct. I may have used the word "emergency" in a misleading way. I did not mean that this measure was of an emergency nature comparable with the emergency of war. I was speaking of it from the standpoint of meeting the most acute needs for public buildings, whether it be in the post-office field or in the field of general office accommodations, in the communities where the most acute needs exist.

Mr. McCLELLAN. Does the Senator feel that one result of the enactment of the proposed legislation would be that it would have some effect and influence upon rental contracts in cases in which the Government might choose to rent? In places where the Government maintains permanent offices, and requires space in particular localities, would the very fact that the Government could make such contracts and have buildings constructed for it be likely to have a little influence in the negotiation of

rental contracts in cases in which the Government might choose to rent?

Mr. HOLLAND. I appreciate that suggestion of the distinguished Senator. I think it is a very correct one. The enactment of the pending legislation would mean that in a place where acute need might exist, the Government would have some choice as to what it would do—which course it might prefer to follow.

Mr. McCLELLAN. In other words, there is an element of competition, which might operate as an inducement.

Mr. HOLLAND. The Senator is correct.

The PRESIDING OFFICER. The additional 5 minutes allotted to the Senator from Florida have expired.

Mr. KUCHEL. Mr. President, how much more time is available?

The PRESIDING OFFICER. The Senator from California has 15 minutes.

Mr. KUCHEL. I yield 2 additional minutes to the Senator from Florida.

Mr. McCLELLAN. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. McCLELLAN. I believe the bill is good in theory. I believe that in practice it could be made to serve a real need, and that it would be advantageous to the Government. I am trying to find full justification for supporting the bill. However, I wish to have it clearly understood that I do so because of the amendments which eliminated \$20,000 minimum—or maximum—as reported by the committee. I feel that every contract made under the provisions of the bill should require supervision by the Congress. I do not believe we should delegate authority, but that such projects should be referred to the Congress for approval.

The other day I offered an amendment, which was adopted, with respect to the language on page 11. At that time I thought that provisions of the bill applied to all construction and all contracts authorized by this measure. I was compelled to leave the city the following day, and was not present. I note that the distinguished junior Senator from Mississippi [Mr. STENNIS] offered a similar amendment to the language on page 4. Therefore, the bill is now uniform with respect to both kinds of contracts, or both areas of construction.

The PRESIDING OFFICER. The 2 additional minutes of the Senator from Florida has expired.

Mr. McCLELLAN. Mr. President, I wish to say that if those provisions are removed in conference, I shall vote against the conference report.

Mr. KUCHEL. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. The Senator from California has 13 minutes.

Mr. KUCHEL. I yield myself 5 minutes.

I fear I shall be repeating the fundamental reason which prompted the Senate Committee on Public Works to recommend the bill to the Senate several weeks ago. That reason is that the proposed legislation would give to the Federal Government an alternative method of occupying space. As Senators know, today the Government can either make

an outright purchase—preceded, of course, by a congressional appropriation—on the one hand, or enter into a lease for a term of years, on the other. Obviously the outright purchase method is the better method to pursue.

However, we have had no public construction program for a decade and a half. As was suggested earlier, the fiscal policy being what it is, and the public debt being what it is, it does not appear likely that the Congress will be in the mood to begin a program of public construction in the next several years. I wish to point out that the new right proposed to be granted by the bill to enter into lease-purchase contracts can be used under the terms of the bill, first, when there is no public space available, second, for permanent governmental activities of the Federal Government, and, third, when it is in the best interest of the United States to exercise such right.

It has been suggested from time to time that the new lease-purchase responsibility is a tremendous one. The committee agreed with that point of view. Therefore the committee provided a series of checks and balances against the wrongful or improper use of this new authority.

First of all—and in this discussion I use what the Senate added to the bill by way of amendment—the Bureau of Budget must approve requests for lease-purchase contracts upon the part of the General Services Administration or the Post Office Department.

Thereafter the bill goes on to provide that the recommendations of the Bureau of the Budget shall come to the Committees on Public Works of the House and Senate. That is not all. After an agreement is reached there, the Senate, by amendment, also provides that the Committees on Appropriations of both Houses must specifically approve the contracts which the two agencies have entered into.

In that connection, the Senate has written in a flat provision prohibiting more than \$4 million to be expended under the lease-purchase terms prior to July 1, 1955. Thereafter it specifically provides that the Committees on Appropriations shall annually approve the necessary appropriations.

The pending bill has been thoroughly discussed. I believe the Committee on Public Works has presented it in a fashion in which the Senate can wholeheartedly approve it. The amendments sponsored by the distinguished Senator from Virginia [Mr. BYRD], based upon his own experience, by the Senator from South Dakota [Mr. CASE], by the Senator from Delaware [Mr. WILLIAMS], and by the senior Senator from Oregon [Mr. CORDON], and adopted by the Senate, have added the type of checks and balances the bill needs.

On that basis I hope the Senate will vote to enact it into law.

Mr. MAGNUSON. Mr. President, as acting minority leader, I yield myself 10 minutes.

The PRESIDING OFFICER (Mr. WELKER in the chair). The Senator from Washington yields himself 10 minutes.

Mr. MAGNUSON. Mr. President, like the Senator from California, I do not wish to be repetitious.

In connection with this bill I have heard the most amazing argument I have ever listened to. The argument is to the effect that the public debt being what it is, governmental expenditures being what they are, and the budget being out of balance, Congress will not be in a mood to appropriate money. At the same time we are confronted with a bill which, if enacted into law, will cost the American people twice as much as would be the case under the present appropriation method.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MAGNUSON. I have only 10 minutes, but I yield to the Senator from California.

Mr. KUCHEL. Is it not a fact that, according to the terms of the bill, the rental moneys may be used for lease-purchase contracts?

Mr. MAGNUSON. That is another amazing argument. Certainly we have had to rent some buildings, but they have been rented at smaller places. The Senator from Florida [Mr. HOLLAND] read off a long list of such places. Those are towns where the Federal Government would not build a post office in the first place, because the post offices are branch offices, usually in country stores. That is where we have had to pay rentals. The other instances were emergencies.

The rentals the Senator from California is talking about are rentals the Government has had to pay in connection with its growth in wartime. Because of that fact it does not follow that we should contract for a building which will cost the American people twice as much as it would otherwise cost.

The Senator discussed the public debt. Yet he would pile onto it twice the normal cost of construction over a 25-year period. I cannot understand that argument.

Mr. KUCHEL. Mr. President, will the Senator yield at that point?

Mr. MAGNUSON. If the Federal Government cannot afford to erect a public building, it should come to Congress, and we will see about it.

The proposed method would not only result in doubling the cost to the American taxpayers, but much of the money would go to the moneylenders. About 10 percent would be added to the cost on each one of the contracts made under the proposed legislation.

Another amazing argument which is being advanced in connection with the pending bill is that Congress probably would appropriate money to construct a post office in each of the congressional districts. Mr. President, I will eat my hat if under the proposed program there will not be more than one post office built in each congressional district, and at a much higher cost.

Furthermore, I know when the contracts will be let under the proposed method. They will be let just as soon as Congress passes the bill. That is when the "boys" will be out campaigning and saying, "Look at what we got for you.

We got you this fine new post office building." They will not tell the people what it cost. They will say, "We could not get it by appropriations, so we will buy it on the installment plan."

Mr. President, whenever the Federal Government has to stoop to buy anything on the installment plan there is something radically wrong with the fiscal structure of the Government.

Mr. KUCHEL and Mr. HOLLAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; if so, to whom?

Mr. MAGNUSON. I have only 10 minutes. I shall not yield at this time. I know some safeguards have been placed in the bill. Even with those safeguards in the bill, in letting contracts it will cost the Federal Government twice as much as before.

Mr. KUCHEL. Mr. President, will the Senator yield for one question?

Mr. MAGNUSON. No; I cannot yield at this time. I shall yield in a minute. Even with the safeguards in the bill, it has been pointed out that some of the contracts would have to be looked into. There is a provision in the bill with respect to the Bureau of the Budget. The Bureau of the Budget will be approached with the plea, "We need a new post office building." Perhaps it will be in California or in Seattle. It will be said that the community needs a large building. It will be a Federal building. The Bureau of the Budget will approve one method or the other. Mr. President, who is "kidding" anyone? We know what method will be approved. These figures look good, and the installment plan will be used, even though it will cost the American people double.

I know a little about the House, too. It will not be possible to bring back to the Senate a conference report which will contain all the present provisions of this bill.

A great many amendments have been accepted, because there was opposition to the whole bill. That is all very well and good. We should express our opinion. But let us be practical. I say this is the end of the appropriation method with respect to public buildings, because no official of an executive department will say, "We are going to ask for appropriations for the construction of buildings, and thus show a larger budget, if we can buy the buildings on the installment plan."

Mr. President, whether it be a refrigerator or an electric iron or a public building, it costs almost twice as much to buy on the installment plan.

My figures are correct. No one has disputed the figures I have submitted to the Senate with respect to a \$900 million program. I defy anyone to dispute the interest figures and tax charges, and the fact that frills will be added, because each contractor will come forward with his own design. I know how tough Federal building inspectors are. There are very few frills in any Federal buildings today. I know something about that subject. Therefore, I cannot understand the argument at all when it is said, "We are in debt, but let us nevertheless pay twice as much for something we need."

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MAGNUSON. Not at this point. That is what it amounts to. Because of the budget situation, no executive officer has had the courage to come to Congress and ask for a needed Federal building.

Mr. KUCHEL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from California?

Mr. KUCHEL. I yield the floor. I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, as a member of the Public Works Committee, and as 1 of 3 members of the committee on record against the bill—I understand that the 4th member of the committee is somewhat disturbed about his vote in favor of the bill—I wish to congratulate the Senator from Washington [Mr. MAGNUSON] for the able argument he has made today.

Figuratively and good naturedly I must say that he had driven a team of horses hitched to a hayrack straight through the bill. He has shown the big hole in the bill, namely, the excessive cost to the taxpayers which the bill makes possible.

I do not believe that Uncle Sam is broke. I do not believe that Uncle Sam needs to resort to installment buying. I recognize that there is a place in our economy for installment buying, for instance, the purchase of a new home, when the wage-earner does not have the necessary ready cash to provide his family with the necessities of life and, therefore, he resorts to installment buying. As the Senator from Washington has pointed out, in the long run, installment buying will cost the wage earner's family an excessive charge. We should not put all the American taxpayers on an installment-buying plan. Congress has a responsibility to appropriate money for public buildings when they are needed, and, therefore, we have no right to adopt this form of subsidizing the builders of America. I think we can take care of the construction industry in this country by direct appropriations for public buildings which are needed.

Mr. President, in addition to excessive cost, there are two other points I wish to emphasize, and then I shall be through.

The next point I desire to stress is that we are already leasing too much property. We need to give very careful scrutiny to some of the rentals we are now paying and to ascertain whether we need to rent as many buildings as we are already renting.

When I served on the Armed Services Committee we went into the question at various times and found great savings could be made by reducing the number of buildings which were being rented. I think the rental racket has produced a very bad situation. The Senator from Washington did well to point out that the rentals we are now paying involve, in many small towns, very small quarters, which the Government should continue

to rent. We should never build a post office, for example, in a small town, because all it needs is a branch post office, when there is a large post office a few miles away. There would be no saving over the years by building an expensive building in such a town.

The next argument I wish to make I do not expect will please many persons, but we should consider the practical politics involved in this bill. The Senator from Washington hinted at it, and I desire to state what I think is the problem.

I believe we should watch proposed legislation such as this for hidden campaign funds in various sections of the country where the political race is going to be close. The proposed legislation offers an opportunity for one of the finest political grab bags I have even seen in the form of legislation, because, with party X in control—and this is true, no matter whether it is this year or 10 years from now—with a majority in the Congress and a majority on the committees involved, the party puts itself into a nice position, by the enactment of such legislation at this, particularly in the close districts. We will be surprised how public buildings will sprout just a short time before the elections in areas where the elections are going to be close. We shall be building many buildings on the installment plan as campaign assists to the party in control. I shall not vote for a bill which, in my judgment, may be used in that way for political campaign purposes. The responsibility of the Congress is to vote direct appropriations for public buildings when they are needed.

I believe we need to take a look at some of the rentals we are already paying and see if we cannot cut them down. But, so long as installment-plan buying is going to cost the American taxpayers excessive amounts, in my judgment, we should not adopt it as a national policy and apply it to Uncle Sam. I think Uncle Sam ought to pay him own way on the basis of putting on the line the cash necessary for a public building, and the taxpayers should not be charged an excessive cost by way of increased taxes.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

The Senator from Texas [Mr. JOHNSON] has 17 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Bush	Cordon
Anderson	Butler, Nebr.	Daniel
Barrett	Byrd	Dirksen
Beall	Capehart	Duff
Bennett	Carlson	Dworshak
Bricker	Case	Eastland
Bridges	Clements	Ellender
Burke	Cooper	Ferguson

Flanders	Kefauver	Payne
Frear	Kilgore	Potter
Fulbright	Knowland	Purtell
Gillette	Kuchel	Robertson
Gore	Langer	Russell
Green	Lehman	Saltonstall
Hayden	Magnuson	Schoeppel
Hennings	Malone	Smathers
Hickenlooper	Martin	Smith, Maine
Hill	Maybank	Stennis
Holland	McCarran	Symington
Humphrey	McClellan	Thye
Hunt	Millikin	Upton
Jackson	Morse	Watkins
Jenner	Mundt	Welker
Johnson, Colo.	Murray	Wiley
Johnson, Tex.	Neely	Williams
Johnston, S. C.	Pastore	Young

The PRESIDING OFFICER. A quorum is present.

The question is, Shall the bill pass?

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the distinguished senior Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, I have already expressed myself on the bill. I have made it clear that while I favored certain amendments, which have been agreed to, I do not think the safeguards are sufficient, and I am very much opposed to the enactment of the proposed legislation.

The express purposes of the so-called lease-purchase bill are to grant wider administrative authority in the acquisition of post offices and general-use space in the executive branch of the Government, and to take from Congress the control of the appropriations for public buildings.

If the bill shall be enacted, requests for appropriations for public buildings will probably never again come before Congress, except as Congress will be compelled to pay whatever amounts are provided in the contracts which will be made for the so-called lease-purchase buildings. Appropriations for post offices or other public buildings will not, in themselves, come before Congress in any way, shape, or form.

Certainly it is not my intention in any way to reflect upon my good friends the distinguished junior Senator from California [Mr. KUCHEL] and the distinguished senior Senator from Pennsylvania [Mr. MARTIN], who are managing the bill. I have the greatest confidence in and respect and personal friendship for those two Senators. But the fact remains that this is a bad bill, whatever may be one's attitude toward its purpose.

The nature of the proposal lends itself to oversimplification, but actually it is so dangerous and so complex that efforts to change it on the floor of the Senate through hastily considered amendments cannot be successful. I have tried to draft safeguarding amendments, but I have been unable to make them to a satisfactory extent. For this reason I have concluded to vote against the bill.

What has happened with respect to the Federal Housing Administration should be a warning to us not to delegate too much authority to the departments of the Government whereby they can fix the lease-purchase costs, subject to the approval of the Director of the Bureau of the Budget, under the amendment which has been agreed to, and to do other things, as they may see fit, because

there are too many complex and unknown situations which may occur in regard to the lease-purchase contracts.

Mr. President, so far as I am aware, legislation of this kind has never been enacted by the Congress. What will the enactment of such legislation mean? It will mean that from every little village, every place where there is a post office, every place where there is a need, or an alleged need, for a public building, a representative will come, first, perhaps, from the local chamber of commerce. Then there will be certain citizens who think that the erection of such a building will be a profitable venture. They will put up the money to erect the building, and enter into a lease-purchase contract with the agency of the Government involved.

What standards will prevail? Certain standards were written into the bill, but when an attempt was made to write into the bill an interest rate, Members of the Senate were told that it was not practicable. There is no provision in the bill regarding an interest rate. In one section of the country there could be in effect a 5 percent interest rate, while in another section of the country there could be in effect a 10 percent interest rate. It is impossible to have standards which will properly safeguard the Government in that connection.

If the bill shall be enacted, there will be great demand from every nook and corner of the country to erect public buildings. Not a single appropriation for such buildings would be voted upon directly by the Congress. I think the sponsors of the bill will agree with that statement. In other words, the authorization would permit contracts to be made which would be half lease and half purchase—all mixed up together—and local taxes would have to be paid. No standard for figuring depreciation of the building has been established. At the end of 25 years, or whatever time may be fixed, the Government will then own some buildings, and will have paid very dearly for them; but the Government will then own antiquated buildings. They will not be up-to-date buildings after 25 years. They will be old buildings.

If the bill should be passed, I would not be at all surprised to find the same conditions confronting the country as now confront it with respect to the Federal Housing Administration, because many of the same conditions are involved.

In the first place, as I have stated, the bill would involve the construction of post offices, office space, warehouse and storage space, and any other kind of buildings which executive agencies think they need or think they can use. The bill covers all housing except for the armed services. It involves tax laws and real-estate considerations in every State of the Union, in our outlying possessions, and perhaps in foreign countries.

It could conceivably be the greatest pork-barrel legislation which has ever been known.

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 5 additional minutes to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Texas yields to the Senator from Virginia 5 additional minutes.

Mr. BYRD. There is every reason to suspect that under the bill every community will bring pressure upon its Representatives in Congress to have constructed a post-office building or an office building for its public square. I do not say that in many instances, such buildings should not be constructed, but I think the passage of the bill would create conditions which the Congress would not be able to control later, because contracts would be made by the executive branch of the Government, and all Congress would be able to do would be to pay the rental or whatever other payments would be provided for under the agreement.

It is possible, and even probable, that field offices of agencies for the Federal Government will urge local builders to qualify under the bill to engage in a building operation with a guaranteed profit, and that is what it will be, for up to 25 years. There would be no problem in getting a petition signed for such buildings by nearly every citizen in the community. A Member of Congress thus petitioned would be under pressure to take the matter up with the Public Buildings Administration of the General Services Administration. There is no reason to expect that the Public Buildings Administration, which is in the public buildings business, will be disposed to turn down a Member of Congress or the local people when pressure is applied to provide a new Federal building, especially because, as I have stated, no appropriation will have to be requested by an agency of the Government.

The bill is essentially a two-standards bill. On the one side it is lease, on the other side it is purchase. The lease side would enable Federal agencies to construct buildings with a minimum of requirements to justify capital outlay for the acquisition of Federal real estate. The purchase side opens the door to practices by builders looking for new ways to qualify for capital-gains tax treatment, which has been exploited so immorally under the Federal Housing Administration.

Mr. T. Coleman Andrews testified before the committee as to the profits made on contracts under the Federal Housing Administration. Those who made the profits were so greedy that they were not willing to pay normal taxes, and are now paying taxes on capital gains made under the operation of such contracts. The same condition would apply to the extent that such buildings would be sold under the pending legislation. Only taxes on capital gains would be paid.

It is extremely difficult to try to write standards into this bill, in view of the variety of possibilities which may be considered by way of provisions in the contract, including varying insurance rates, varying tax rates, varying maintenance, repair, and custodial rates and requirements. Without such standards, such contracts would be subject to excessive padding by sharp operators.

There is no provision in the pending bill setting up requirements for competitive bidding for lease-purchase projects. There is no requirement for serviceable, utilitarian-type buildings. There is no provision that two people who wish to enter into such a contract shall bid directly one against the other. The buildings could be strictly ornamental or monumental, with little practical use. For all practical purposes the bill as reported to the Senate bypasses all the customary legislative processes.

In fact I think the bill would be a builders' bonanza, or could be made so. It also could be made a political pork barrel. It is a bureaucratic bypass of legislative processes. It represents the worst of bad legislation on a complex subject which could easily be exploited for nonessential expenditures in an exceedingly complex field.

Under the circumstances, I do not believe the possible evils under the bill can be justified by any requirement for the bill, and I am certain that such evils could not be foreclosed by hastily considered floor amendments.

For that reason, I shall not offer any further amendments. I shall vote against the bill.

Mr. JOHNSTON of South Carolina. Mr. President—

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 2 minutes.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to ask the Members of the Senate the following questions: Would they wish to have buildings constructed for themselves in the manner provided for in the pending bill? Would they want to become involved in such contracts? Would they authorize a contractor to construct a building which would be rented to them at cost, plus interest, plus profit, for a period of 25 years, in order to attain ownership at the end of that time?

That is what would be authorized by the enactment of the bill. I term the bill a real-estate dealer's darling. If any of my colleagues can find one real-estate dealer who is not in favor of the bill, I will vote for the bill. Mind you, Mr. President, at the end of 25 years the building will either be too small or in such condition it will be of no further value. The United States Government by constructing its own buildings can save the American taxpayers many millions of dollars. The only difference between having the buildings constructed by the Government and letting contracts for their erection would be that in the former case huge profits would be lost by some of the real-estate lords.

Mr. President, there is no question in my mind about the fact that there is a need to construct post-office buildings. However, under the bill the Government would pay interest and taxes over a period of 25 years. That is what is being proposed by the bill.

I should also like to ask my colleagues if they know that by the passage of the

bill they will be throwing away an opportunity for the Government to receive free thousands of plots of ground throughout the United States. Many towns in the United States have already offered to give the Post Office Department sites on which to construct post-office buildings. Will these towns give that property to real-estate dealers, if the bill shall be passed?

I am calling these facts to the attention of my colleagues in order that they may vote for the good of the United States, and not for the good of the real-estate dealers of the United States.

Some say we cannot afford to construct our own buildings. Mr. President, the United States spends billions of dollars and gives large sums of money to foreign countries every year.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 2 additional minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 2 more minutes.

Mr. JOHNSTON of South Carolina. Mr. President, the proponents of the bill will not state how many billions of dollars will be invested with the real-estate dealers—billions of dollars on which the taxpayers will have to pay 4 percent or 5 percent interest for the next 25 years.

I will not vote for the bill, because I do not believe it represents good business practices. I cannot understand how any Member of the Senate can vote for the bill, after he has carefully studied all the facts pertaining to it. Certainly I cannot vote for it.

If the bill is enacted, we will be faced with the worst sort of scramble to have post offices built in almost every community and locality. The officials of many communities will simply say, "We want a post office; we have selected a contractor, and here are the specifications."

Mr. President, before we vote for the bill, we should find out who will approve the specifications and proposals and who will be interested in the real-estate business the bill will develop. We should carefully study all the facts in connection with this proposal, and should know who will handle the projects. Only after doing that, will it be proper to have the vote taken on this bill.

Personally I strongly favor the United States Government constructing its own buildings, instead of having to pay such high rates of interest to real-estate dealers for the construction of post offices in the United States.

Mr. KUCHEL. Mr. President, how much time remains to the proponents of the bill?

The PRESIDING OFFICER. Eight minutes remain to the proponents.

Mr. KUCHEL. I yield 5 minutes to the Senator from South Dakota [Mr. CASE].

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 minutes.

Mr. CASE. Mr. President, if I felt that the bill was as bad as the eminent Senator from Virginia [Mr. BYRD] has described it, I would not favor it.

However, the eminent Senator from Virginia helped to improve the bill by advocating the inclusion in it of some additional safeguards, the first being that before a contract is submitted to the specified congressional committees, for approval by them, it must have the approval of the Bureau of the Budget. That is the first safeguard the Senator from Virginia helped add to the bill. I think perhaps he overlooked the fact that paragraph (1) of subsection (j) makes section 302 (c) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), applicable; and section 302 (c) requires that all contracts for the purchase of supplies and services shall be made after advertising. In other words, it calls for advertising for bids.

In the portion of the amendment with which I was associated with the Senator from Virginia, we made provision, which appears at page 4 of the amendment, that "(8) a statement that bids for the proposed project will not be advertised until after consultation," and so forth. So it is definitely contemplated that there will be advertising for bids.

In addition, Mr. President, I feel that in connection with the arguments which have been advanced against the bill, the amendment submitted by the Senator from Oregon [Mr. CORDON], for himself and the Senator from Mississippi [Mr. STENNIS] has been overlooked. I particularly invite this amendment to the attention of the Senate, because by means of the amendment, submitted by the distinguished Senator from Oregon, for himself and the Senator from Mississippi, specific control through the Appropriations Committees is provided for.

Lest some Senators may not remember it or may not have been present when it was discussed, let me read the first paragraph of the Cordon amendment:

Every lease-purchase contract entered into pursuant to this title shall provide for equal annual payments and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease-purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$4,000,000 is hereby established for such purpose.

In other words, the bill places a limitation upon the amount of contracts that can be made for the first fiscal year during which the bill will be operative; and thereafter the bill provides that the total aggregate of the level payments for each year shall not exceed the amount provided for in appropriation acts.

The paragraph I read refers to title I, which deals with public buildings in general. The second paragraph of the Cordon amendment repeats the same language and applies it to the Post Office Department, except that in that case the limitation for the first year is \$1 million.

So I respectfully say that the bill specifically provides for control by the Appropriations Committees. In that respect I feel that this amendment, to-

gether with the other amendments, provides for definite safeguards.

Mr. President, in the larger amendment which was submitted by the Senator from California [Mr. KUCHEL], for himself, the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. WILLIAMS], and myself we spelled out the information that must be submitted to the congressional committees to which the proposals will have to be submitted. One requirement in connection with that submission is a statement by the Administrator of the General Services Administration or by the Postmaster General, as the case might be, that suitable space owned by the Government is not available, and that suitable rental space is not available at a price commensurate with that afforded through the proposed contract. In other words, the congressional committees will be in a position not to come into agreement unless there is a definite provision for saving money, because the statement must set forth that suitable space is not available at a commensurate price.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

The Senator from California has 3 minutes remaining, and the Senator from Texas has 3 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, does the Senator from California desire to have us yield back the remainder of the time available to our side?

Mr. KUCHEL. Mr. President, I shall yield to the chairman of the Public Works Committee, the senior Senator from Pennsylvania [Mr. MARTIN], the remainder of the time available to the proponents.

Mr. JOHNSON of Texas. Mr. President, if the chairman of the Committee on Public Works is to conclude the presentation for the proponents of the bill, I yield the remainder of the time under my control to the junior Senator from Minnesota [Mr. HUMPHREY].

The PRESIDING OFFICER. The Senator from Texas has 2 minutes remaining; and the Senator from Minnesota is recognized for that length of time.

Mr. HUMPHREY. Mr. President, earlier this afternoon I made my position on the bill clear, namely, that this is ill-advised proposed legislation.

I have had the privilege of listening to the distinguished Senator from Virginia [Mr. BYRD], the distinguished Senator from South Carolina [Mr. JOHNSTON], the distinguished Senator from Washington [Mr. MAGNUSON], and other Senators discuss the bill.

I wish to say definitely that the bill does not provide the standards for sound administrative procedure that the Congress should require.

Mr. President, let us make no mistake about it: If the present administration thinks it had a number of unpaid bills left over by the previous administration, I say this bill will open a Pandora's box of unpaid bills for future administrations, for once the bill is enacted into law we shall have said to future administrations that they can proceed forthwith to enter into lease-purchase agreements

that will commit the Government to untold millions of dollars' worth of construction, without appropriate check by the Congress. Is it not fitting and proper that a committee of the Congress should have the right to place a check upon an action of the administration? Under the Constitution the Congress of the United States has the responsibility of appropriating money; and the appropriation of the money involves also making a policy decision as to what the money shall be appropriated for.

This bill would permit the administration to make the policy decision, commit the Government of the United States to construction work, come to the Congress, figuratively place a gun at its forehead, and say, "We already have the community behind the bill. We have already aroused public opinion. Now pay."

If that is what is called sound fiscal policy, I must confess that I am in error.

The PRESIDING OFFICER. The Senator from California [Mr. KUCHEL] has 3 minutes remaining.

Mr. KUCHEL. Mr. President, I yield 2 minutes to the distinguished chairman of the committee [Mr. MARTIN].

Mr. MARTIN. Mr. President, I wish to comment briefly on the work of the committee.

The distinguished junior Senator from California [Mr. KUCHEL] was chairman of the subcommittee. I asked the distinguished senior Senator from Florida [Mr. HOLLAND] to assist him in that work. Along with the other members of the subcommittee they held long hearings, and considered the bill from every possible viewpoint, so as to make it safe so far as the Government is concerned.

Like other Senators, I have great admiration for the eminent and distinguished senior Senator from Virginia [Mr. BYRD]. Ordinarily we are on the same side of various questions which come before this body, but in this case I must be greatly in opposition to his views.

This plan of lease-purchase has been carried out successfully in business. Most of the chainstores of various kinds throughout the Nation have had this plan in effect for many years, and it has been most successful. It has been used in my own banking experience. The same questions have been before us, and we have made loans under this method. The program has been most successful. I sincerely hope that the Members of the Senate will approve the bill.

The PRESIDING OFFICER. The 2 minutes allowed the senior Senator from Pennsylvania have expired. The Senator from California [Mr. KUCHEL] has 1 minute remaining.

Mr. KNOWLAND. Mr. President, will the Senator yield 1 minute to me?

Mr. KUCHEL. I yield the remainder of my time to my colleague, the senior Senator from California.

Mr. KNOWLAND. Mr. President, I believe that the bill has been greatly improved by the amendments which have been adopted. I believe that adequate safeguards have now been placed around this proposed legislation. Frankly, the amendments go beyond what some of the administrative agencies of the Gov-

ernment desired. But, for the reasons which have been stated on the floor, had such safeguards not been placed in the bill, personally I would not have supported it. The safeguards are in the bill. I think it is a sound piece of legislation, and I hope the Senate will pass the bill, as amended.

The PRESIDING OFFICER. All time has expired.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY (when his name was called). On this vote I have a pair with the junior Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from New York [Mr. IVES] is absent by leave of the Senate.

The Senator from New Jersey [Mr. HENDRICKSON] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Arizona [Mr. GOLDWATER], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from New Jersey [Mr. SMITH] are necessarily absent.

If the Senator from New Jersey [Mr. SMITH] were present, he would vote "yea."

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent by leave of the Senate.

The Senator from Illinois [Mr. DOUGLAS], the Senators from North Carolina [Mr. HOEY and Mr. LENNON], the Senator from Massachusetts [Mr. KENNEDY], the Senators from Oklahoma [Mr. KERR and Mr. MONRONEY], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MANSFIELD], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The Senator from Georgia [Mr. GEORGE] is necessarily absent.

The Senator from Massachusetts [Mr. KENNEDY] is paired on this vote with the Senator from Oklahoma [Mr. KERR]. If present and voting the Senator from Massachusetts would vote "yea," and the Senator from Oklahoma would vote "nay."

The Senator from Oklahoma [Mr. MONRONEY] is paired on this vote with the Senator from Illinois [Mr. DOUGLAS]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Illinois would vote "nay."

I announce also that if present and voting, the Senator from New Mexico [Mr. CHAVEZ] would vote "yea."

The result was announced—yeas 47, nays 30, as follows:

YEAS—47

Anderson	Bush	Dirksen
Barrett	Butler, Nebr.	Duff
Beall	Capehart	Dworshak
Bennett	Carlson	Eastland
Bricker	Case	Ellender
Bridges	Cooper	Ferguson
Burke	Cordon	Flanders

Gore
Hayden
Hickenlooper
Holland
Hunt
Jenner
Kilgore
Knowland
Kuchel

Malone
Martin
Millikin
Mundt
Payne
Potter
Purtell
Saltonstall
Schoepfel

Smathers
Smith, Maine
Stennis
Thye
Upton
Watkins
Wiley
Young

NAYS—30

Alken	Jackson	McClellan
Byrd	Johnson, Colo.	Morse
Clements	Johnson, Tex.	Murray
Daniel	Johnston, S. C.	Neely
Frear	Kefauver	Pastore
Fulbright	Langer	Robertson
Gillette	Lehman	Russell
Green	Magnuson	Symington
Hennings	Maybank	Welker
Hill	McCarran	Williams

NOT VOTING—18

Butler, Md.	Hoey	Long
Chavez	Humphrey	Mansfield
Douglas	Ives	McCarthy
George	Kennedy	Monroney
Goldwater	Kerr	Smith, N. J.
Hendrickson	Lennon	Sparkman

So the bill (H. R. 6342) was passed.

Mr. MARTIN. Mr. President, I move that the Senate reconsider the vote by which House bill 6342 was passed.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. MARTIN. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MARTIN, Mr. CASE, Mr. KUCHEL, Mr. CHAVEZ, and Mr. HOLLAND conferees on the part of the Senate.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the bill be printed with the amendments of the Senate numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, I realize that post mortems on votes are of little practical value. Nevertheless, I wish to say, although I voted against the bill which has just been approved by the Senate, H. R. 6342, that I believe the lease-purchase plan of constructing public buildings is a very meritorious plan.

On the other hand, I believe that we should not pass legislation which assumes to confer on the legislative branch of the Government, or to any of its committees, authority, and rights which properly belong to the executive branch of the Government. I would not vote for a bill which provides that a committee of Congress, or any two committees of Congress, shall assume the prerogatives of the executive branch of the Government.

I hope that the bill in conference will be straightened out by eliminating such provisions. If the provisions are not eliminated I believe the bill will merit a very well-deserved veto.

Mr. LANGER. Mr. President, I wish to associate myself with the remarks of the distinguished Senator from Vermont. I voted against the bill for the same reason which he has stated.

Mr. KUCHEL. Mr. President, with the very greatest of respect to my friend, the Senator from Vermont [Mr. AIKEN], I wish to say that the committee listened at great length to the arguments pro and con with reference to the amendment to which the Senator has just referred, and there are many of us who would look with disfavor on the bill if the amendment were eliminated. We refused to find merit in the argument of unconstitutionality.

Mr. CASE. Mr. President, with reference to the subject mentioned by the Senator from Vermont and the Senator from California, there has been some misunderstanding with respect to what part the committee would play if proposals were submitted to it. The committee, under the language of the bill, would not pass on individual contracts; it would pass on projects, not upon contracts as such. I think, if that were better understood, the executive branch would not fear that there would be any encroachment on its power.

TOLLS ON CERTAIN HIGHWAYS CONSTRUCTED WITH FEDERAL AID—BILL INDEFINITELY POST- PONED

Mr. KNOWLAND. Mr. President, I have discussed with the minority leader Calendar No. 703, Senate bill 796, which was introduced by the Senator from Connecticut [Mr. BUSH]. The bill would permit the charging of tolls on certain highways constructed with Federal aid. Senators will recall that the substance of the bill was added as an amendment to the Federal-aid highway bill, which has passed both Houses, and is awaiting the President's signature.

With the approval of the Senator from Connecticut, and after consultation with the minority leader, I move that Senate bill 796 be indefinitely postponed.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

GOVERNMENT EMPLOYEES' FRINGE BENEFITS

Mr. KNOWLAND. Mr. President, in conformity with prior notice given to the Senate, I now move that the Senate proceed to the consideration of calendar 1195, S. 2665.

The PRESIDING OFFICER. The clerk will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2665) to amend the Classification Act of 1919, as amended, the Federal Employees' Pay Act of 1945, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill,

which had been reported from the Committee on Post Office and Civil Service with amendments.

TWENTY-FOURTH ANNIVERSARY OF SERVICE BY THE COLONIAL AIR- LINES

Mr. AIKEN. Mr. President, on April 18, 1930, the Colonial Airlines, the airlines serving my State of Vermont, began flight service between New York City and Montreal. After 24 years of service, this airline has the unequalled record of never having had a passenger or crew member killed or seriously injured.

I ask unanimous consent to have printed at this point in the RECORD a statement setting forth the record of the Colonial Airlines over their 24-year period of service.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Colonial Airlines was originally organized as Canadian-Colonial Airlines, a subsidiary of Colonial Air Transport. Gen. John F. O'Ryan was the original founder in March 1928. Until 1935 Canadian-Colonial was controlled by Aviation Corp. In May 1943 Canadian-Colonial became known as Colonial Airways, operating between New York and Montreal via Albany and Burlington, Vt.

Initially, Canadian-Colonial Airways was awarded certificate No. FAM-1; but in the subsequent reallocation of routes after all airmail contracts were terminated in the early 1930's Colonial was awarded certificate No. 72, under which it operates New York-Montreal airmail service today.

Twenty-four years ago yesterday, April 18, Colonial Airlines commenced operating Ford trimotor aircraft between New York and Montreal. In the intervening years, though its route structure has been extended and though many additions and changes have occurred in the original pattern, one factor has marked its operation since the beginning: Colonial Airlines has concluded 24 years of service without serious injury or fatality to passenger or crew member.

This record, as far as can be determined, cannot be duplicated by any domestic or international air carrier.

The record is all the more striking because the routes flown by Colonial cover some of the worst terrain, weatherwise, that can be encountered anywhere on the continent, whether it be winter, summer, spring, or fall.

During these 24 years Colonial has operated 724,591,004 passenger-miles. Translated into terms more easily understood, one pedestrian covering this distance at an average rate of 3 miles an hour would require 240,530,348 days, or one-half million years—give or take 5 minutes.

During the course of these operations Colonial's fleet of Douglas aircraft have made 758,030 landings and takeoffs.

At the present time Colonial operates daily flights from Washington to Lancaster, Reading, Allentown, Scranton, Binghamton, Syracuse, Ottawa, and Montreal; and from New York to Montreal via Poughkeepsie, Lake Placid, Albany, Glen Falls, and Burlington. Both routes join at Massena, N. Y. Additionally, Colonial's international operations include daily service to Bermuda.

THE CRISIS IN INDOCHINA

Mr. JENNER. Mr. President, I have a very brief statement on the crisis in Indochina.

There is nothing new in the crisis in Indochina.

The situation is exactly where it has been since 1948, when the Red Chinese reached the Indochina border.

Every competent person knew then that southeast Asia was on the timetable for destruction.

Every competent person knew the Acheson cease-fire in Korea would be followed by invasion of southeast Asia.

The Soviet leaders always use a time bomb.

They plan every step necessary for the next takeover on their timetable.

Then they set the mechanism so it will go off, months or years later, when people will no longer be on guard.

If Americans keep on refusing to believe these time bombs are real, until they have exploded, the Soviet Union will have no difficulty whatever in destroying its opponents, piece by piece.

We do not have to decide hastily about Indochina.

Soon the rains will come and then the talk will start again.

Indochina's problem is the same as that of China in 1946.

It is the same as that of Korea in 1950.

Shall we deal with symptoms, or the disease, with the cat's-paw or the monkey which eggs on the cat?

The Soviet Union needs a series of little wars at the periphery, where our men, our officers, our materials, and our money can be wasted, without hope of victory.

What do Americans want?

Obviously, we want a way to stop the little wars, which give the Soviet Union an open road to conquest.

There is a simple way to stop the war in Indochina.

The Viet Minh rebels cannot wage such a war, alone, without help from Red China.

The French Union forces could defeat them easily.

There is only one way to stop Red Chinese help to the rebels in Indochina.

That is to release the armed forces of the free nations of Asia.

They are kept out of action only by the Acheson legacy in American foreign policy.

The war in Indochina will not be won or lost at Dien Bien Phu. It will be won or lost in Washington.

The Republic of China has half a million armed men on Formosa.

Our defense officials make every effort to train and equip them, but the Acheson holdovers in the State Department are able, by some hidden route, to make our military officials equip them for the wrong ends.

We are giving free China everything it needs to defend itself against the wrong danger—attack from the mainland.

We are giving free China nothing—absolutely nothing—essential for their real need.

Free China needs ships, planes, submarines, supplies, to open a second front against the Reds on the China mainland. Then Red Chinese aid to Indochina will end in a hurry.

Once the free Chinese land on the mainland with sufficient equipment, millions of Chinese will rise up to join them.

We hear constantly from journalists, who think they are statesmen, that Red

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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83rd-2nd, No. 77

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HIGHLIGHTS: Senate passed wool bill, rejecting Ellender amendment, etc. Senate made 3rd supplemental appropriation bill its unfinished business. House sent buildings lease-purchase bill to conference.

SENATE

1. PRICE SUPPORTS. Passed, 69-17, with amendments S. 2911, the wool price supports bill (pp. 5245-86).

Agreed to an amendment by Sen. Young (for himself and Sens. Barrett and Langer) providing that, at such time as price support at 90% of parity or above is no longer required to achieve the immediate objective of 300 million pounds of shorn wool, price support would continue at the same levels as those provided by the act of 1949 (p. 5270).

Rejected the following amendments:

By Sen. Ellender (as modified), to continue for one additional year (through 1955) the mandatory price supports on certain commodities at 90% of parity; by a vote of 40 to 48 (pp. 5245-51).

By Sen. Malone (in the nature of a substitute for the bill), to create a Strategic and Critical Wool and Mohair Authority and substitute a system of wool tariffs for the production payments, etc., authorized in the bill; by a vote of 7 to 76 (pp. 5251-70).

By Sen. Thye, to require dairy price supports at not less than 85% of parity for the marketing year ending Mar. 31, 1955; and to limit annual reductions to 5% of parity thereafter; by a vote of 38 to 53 (pp. 5270-81).

By Sen. Humphrey (for himself and Sen. Wiley), to provide for dairy supports at the same level as for basic commodities and to limit annual reductions in dairy supports to 5% of the support level; by a vote of 32 to 60 (pp. 5276-81).

By Sen. Ellender, to limit wool supports through payments to 100% of parity and to limit such supports through other means to 90% of parity; by a vote of 23 to 66 (pp. 5281-5).

By Sen. Kerr, directing beef cattle supports at 90% of parity (p. 5285).

As passed, the bill provides as follows: Provides for price support for wool and mohair at such levels as may be necessary to encourage or maintain desired levels of production. In the case of shorn wool, the desired level is specified at 300 million pounds annually. Such support could be provided by means of payments designed to bring the national average return of producers up to the support price, or by loans, purchases, or other operations. Total payments made under the bill, cumulated as of any date, would be limited to 70% of the specified duties collected on wool and its products cumulated after January 1, 1953. If support were made available other than through payments, the support level would be limited to 90% of the parity price. CCC would be reimbursed for payments made to producers under the bill from appropriations authorized by the bill, the amount appropriated for any fiscal year being limited to 70% of the gross receipts from specific duties on wool and its products during the calendar year ending last before such fiscal year. The bill also authorizes the Secretary to enter into agreements for the purpose of developing advertising and sales promotion programs for wool, mohair, sheep or goats, or the products thereof. Subject to approval by 2/3 of the affected producers, the expenses of such programs might be defrayed by deductions from the payments provided for by the bill. The wool and mohair price-support provisions of the Agricultural Act of 1949 would be repealed.

2. THIRD SUPPLEMENTAL APPROPRIATION BILL, 1954. This bill, H. R. 8481, was made the unfinished business (p. 5287).

HOUSE

3. BUILDINGS. House conferees were appointed on H. R. 6342, to authorize GSA to enter into lease-purchase agreements for construction of public buildings (p. 5291). Senate conferees have been appointed.
4. DEFENSE APPROPRIATION BILL, 1955. The Rules Committee reported a resolution for consideration of this bill, H. R. 8873 (p. 5306). The bill is to be debated today, Apr. 28 (p. D453). In reporting this bill (see Digest 76) the committee included the following statement in its report: "With reference to super-grade positions, it was the understanding of the Committee that these type positions were needed to attract specialists and experts from industry. Records of the Department show that of a total of 69 super-grade positions filled since January 1, 1953, a total of 43 or over 62 percent were filled by departmental promotion. While in certain instances this may be justified, it is felt that the purpose for which super-grades were originally created is being distorted, which situation may call for a general and detailed review of all such positions."
5. FOREIGN TRADE. Rep. Reed, N. Y., inserted and commended Rep. Mason's recent speech opposing trade agreements and the lowering of tariffs (pp. 5298-9).
6. ELECTRIFICATION; FLOOD CONTROL. Rep. Angell discussed the potential power and flood-control benefits to be derived from construction of Libby Dam, Mont., and commended the Army and Interior for "clearing the way" for the project (pp. 5301-3).

BILLS INTRODUCED

7. COTTON ALLOTMENTS. S. 3360, by Sen. Eastland, to provide for allotment of additional cotton acreage to relieve hardship in the case of certain farms; to Agriculture and Forestry Committee (p. 5241).
8. PERSONNEL. S. 3361, by Sen. Langer, to increase the basic rates of compensation

House of Representatives

TUESDAY, APRIL 27, 1954

The House met at 12 o'clock noon.

Colonel, the Reverend R. L. Clem, rector of St. John's Military School, Salina, Kans., offered the following prayer:

Almighty God, through whose mighty power our liberties have been won, we beseech Thee to look with favor upon our land and people. Thou hast made us great among the nations of the earth, and we pray for the grace to understand the responsibilities we bear to our fellow men and to Thee. We pray for those to whom Thou hast committed the authority of government; that Thou wilt grant them gifts of wisdom and understanding, of counsel and strength; that, upholding what is right and following what is true, they may help fulfill Thy divine purpose for all mankind. In the name of Christ and for His sake we ask it. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

PUBLIC BUILDINGS ACT OF 1949

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post office purposes; and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DONDERO, ANGELL, MCGREGOR, FALLON, and TRIMBLE.

DEPARTMENT OF DEFENSE AND INDEPENDENT AGENCY APPROPRIATION BILL, 1955

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 516, Rept. No. 1547), which was referred to the House Calendar and ordered to be printed:

Resolved, That during the consideration of the bill (H. R. 8873) making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, all points of order against the bill or any provisions contained therein are hereby waived.

PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED

(Mr. KELLEY of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KELLEY of Pennsylvania. Mr. Speaker, our good friend Maj. Gen. Melvin J. Maas, who was for many years a Member of this body and who is now chairman of the President's Committee on Employment of the Physically Handicapped Week, has asked me to extend to all Members of the House and their families an invitation to attend an Exposition and Parade of Progress on Rehabilitation and Employment of the Physically Handicapped which the President's Committee on Employment of the Physically Handicapped is holding at the Departmental Auditorium on Constitution Avenue.

The affair is being jointly sponsored by the District Commissioners' committee, and I have been told that the exhibits and displays will present a graphic picture of the great advances that have been made in this field during the past quarter century. Many of the exhibits will show handicapped persons at work, demonstrating how they have overcome disabilities and returned to productive livelihood.

I hope that most of you will find an opportunity to attend the exposition as it will be not only revealing but highly stimulating. It will be open from noon until 5 p. m. and from 7 to 10 p. m. each of the 3 days, April 28, 29, and 30.

HON. DEWEY SHORT

(Mr. GAVIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GAVIN. Mr. Speaker, there recently appeared in the Brookville American, of Brookville, Pa., an editorial which pleased me immensely concerning my very distinguished and able colleague, DEWEY SHORT. A great statesman and great American who, by his work in the Congress of the United States and as chairman of the Armed Services Committee, has won for himself the hearty commendations not alone of his colleagues but the people of the Nation as well.

NO TIME TO WASTE

Chairman DEWEY SHORT, of the House Armed Services Committee, tells us his group is informed that the Soviets now have 40,000 military aircraft, and that the Commies will reach their production peak this summer. This compares, he says, with 30,000 United States war planes, and that "we are still 3

years away from attainment of minimum goals."

When DEWEY SHORT speaks, the Congress listens, and the rest of us should, too. For the Galena, Mo., farm boy who began his working life behind a pair of jennies epitomizes the statesman that all of would like to think is representing us in Washington. SHORT is one of the best-educated men in Congress. A graduate of 4 American colleges, he later studied at Berlin, Heidelberg, and Oxford Universities, and holds honorary degrees from 3 other American institutions. He was a Methodist minister and a professor of philosophy before entering politics. He has traveled every quarter of the globe, and few others in Congress have his grasp of world conditions. Yet he is intensely proud of his Ozark origin, and flavors his erudition with the salty realism of the mountain people from whom he sprang.

DEWEY SHORT has consecrated his public life to keeping America strong, and keeping Americans alert to the growing menace of communism. He tells us now "the U. S. S. R. has a fleet of at least 1,000 long-range bombers capable of delivering atomic bombs on the continental United States" and warns that "we must not delude ourselves that we can match the hordes of Russia and her satellites man for man, gun for gun, or even plane for plane."

"Quality of weapons," he assures us, "will always prevail against mere masses of men." To attain such dominance in the vital area of air defense, Representative SHORT says national air policy must recognize three points we have learned the hard way: First, research and development to insure superior aircraft designs. Second, an aircraft production level that will keep our forces 100-percent modern through the years. Third, long-term procurement at a rate adequate to support at least 1 year's war effort from existing production lines.

In adding our 2 cents' worth to the Congressman's views, we can only observe that Americans are not likely to wince at the price tag on survival, yet it is worth noting that Mr. SHORT points out what bitter experience has taught, that long-term procurement (whether planes or ships or other weapons) costs far less than stop-and-start fever-chart production.

ARMS TO IRAQ AND NEAR EAST PEACE

(Mr. JAVITS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JAVITS. Mr. Speaker, the announcement the other day that our Government has introduced an explosive note in the already trouble-ridden situation in the Near East by its decision to give arms aid to Iraq is properly a matter of grave concern. This question was raised by 35 Members of Congress, 29 from both parties in this body and 6 from the other body in a letter of February 5, 1954, to the Secretary of State expressing grave concern over any such policy by our Government.

Iraq is a member of the Arab League and is still in a technical state of war with Israel, not having concluded even an armistice agreement as have other Arab states. The situation in the Near East, we all know, is at a critical point with boycotts, border incidents of daily occurrence, and incendiary statements by Arab leaders. It must be assumed that our Government seeks to justify this decision on grounds of the national security. Accordingly, in view of the seriousness of a decision to furnish arms to one of the Arab States our people should know the answers to the following questions, and I am requesting the answers from the State Department.

First. What are the commitments and capability, if any, undertaken by Iraq to support Turkey and Pakistan in their defense arrangements for the Middle East?

Second. What commitments, if any, have been undertaken by Iraq to refrain from using arms available to it for aggression, either itself or through other members of the Arab League?

Third. How does our Government believe arms available to Iraq will affect the three-power declaration of May 1950 to preserve the integrity of the borders of the countries of the Near East—declared by us, the United States, Great Britain, and France?

Fourth. What action is our Government prepared to take and is any parallel action called for by the other two governments concerned to see that the three-power declaration of May 1950 is respected?

SPECIAL ORDER GRANTED

Mr. ANGELL asked and was given permission to address the House for 20 minutes today, following the legislative program and any special orders heretofore entered, and to revise and extend his remarks and include extraneous matter.

CALENDAR WEDNESDAY BUSINESS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CALL OF THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 55]

Battle	Chatham	Dingell
Boykin	Chelf	Dollinger
Buchanan	Clardy	Donovan
Buckley	Condon	Dorn, N. Y.
Budge	Cooley	Doyle
Camp	Coudert	Edmondson
Carlyle	Crosser	Engle
Celler	Dawson, Ill.	Fine

Fogarty	Magnuson
Gamble	Martin, Iowa
Gordon	Miller, Kans.
Gubser	Miller, N. Y.
Haley	Morrison
Hand	Moss
Harrison, Nebr.	Moulder
Hart	Murray
Herlong	Norblad
Holt	O'Konski
Jackson	Patman
Jenkins	Powell
Kearney	Rabaut
Kee	Reed, Ill.
Kersten, Wis.	Regan
Kling, Calif.	Richards
Landrum	Rivers
Lantaff	Roberts
McDonough	Roosevelt

The SPEAKER. On this rollcall 354 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HON. ALVIN M. BENTLEY

The SPEAKER. The Chair recognizes the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Speaker, it seems a long time since I was last in the well of this House 8 weeks ago yesterday, and under somewhat different circumstances than the present. It seems almost as long a time as those 15 or 20 minutes that I spent over there on my back, waiting for outside medical assistance.

I have so much to be thankful for that it is hard to know where to start. But at this time and place it would only be appropriate to begin with a sincere expression of gratitude toward all of my colleagues in the House, as well as many of our friends in the other body, as well as many others whose duties are here on Capitol Hill. No man could have had more demonstrations of friendship, concern, and affection, in every conceivable manner that they could be shown, than I have received from my friends in the Congress of the United States.

I cannot omit from this gratitude a very great number of persons from the executive branch whose concern was likewise so manifest. My deep thanks especially go to the President and Mrs. Eisenhower for their friendly words and deeds in the midst of a busy schedule.

For the thousands of people in my own district, in my State of Michigan, and throughout this great country and abroad who offered their prayers and sent their good wishes, both friends and strangers, I can only say that I am firmly convinced that such prayers and good wishes were the outstanding factor in my regaining health and strength. Speaking of prayer, I must pay especial tribute to the inspiring visits of our beloved Chaplain, Bernard Braskamp. When I was lying on the floor of the House the two men who pulled me through those critical minutes, with assistance of others, were Chaplain Braskamp and WALTER JUD. I shall never forget either those few minutes or those two men.

I must remember to be thankful for my own good physical condition which helped me so much in my fight for life, and I cannot pay too high tribute to the doctors and nurses who attended me at Casualty Hospital. The chief of staff, Dr. Joseph Rogers Young, never left the

hospital for the first 5 days and nights I was there. He and his wonderful associates are another reason I am here today.

This has been the barest of summaries of the bounds of my gratitude. With the help of my wonderful wife, who stood this ordeal so bravely and who never ceased to give me courage by her own example, I am trying to express my thanks personally in as many instances as it is possible for me to do. Given a little more time, I hope to complete that pleasant task.

A word about those responsible for this incident. I certainly hold nothing in my heart but pity and sympathy for the poor wretches whose bullets laid me and my four colleagues low. For those who directed and guided their mission, be they Nationalist or Communist, I have no rancor but on them lies the true guilt for what happened here 8 weeks ago yesterday.

None of us, I know, in the slightest degree holds the people of Puerto Rico responsible for that tragic occurrence. But I think it would be blind stupidity to pretend that a Puerto Rican problem does not exist, a problem greater on the mainland than on the island. I do not want to go into that problem at this time, Mr. Speaker, but I do ask unanimous consent to extend my remarks and to include extraneous material at this point in the RECORD.

I have had a good deal of time for thinking and reflecting during the past 8 weeks. Until my own end, I presume I will never be closer to death than I was then. My life hung in the balance, I was literally in the hands of the Lord. There were many things that brought me back from the grave, my own young and strong heart, the care and attention that I received, the prayers and good wishes everywhere. In fact, I consider myself a living example of what prayer can do if it is sincere enough. But there is something which transcends all these.

God did not intend for me to die then. It was His will that all of our lives be spared that bloody day. But it was also with His will that the shooting did take place and I can only humbly guess that it is His desire that some lesson be drawn from that incident. If we were spared it must have been with some purpose in mind.

Each of us is free to draw whatever lesson he or she desires. But I know that a rewarding experience for me has been to rediscover the inherent good and great nature of the American people. Not as Democrats or Republicans but as good and loyal citizens of this country, the American people were shocked and horrified by this attack upon their lawmakers. Their response was in the clearest sense nonpartisan.

Mr. Speaker, it might be well for some of us in an election year to give some thought to our similarities rather than our differences. Both sides of the aisle suffered casualties and both sides of the aisle reacted in the same way. Political campaigns are good and proper in their place but we here in Washington have national and international problems whose importance far surpass the exi-

Digest of CONGRESSIONAL PROCEEDINGS

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HIGHLIGHTS: Senate passed housing bill, including provision to extend rural housing program. Senate committee reported bills to extend Commodity Exchange Act to onions and increase fees, authorize additional contract research, authorize banks for cooperatives to issue consolidated debentures, and modify peanut allotment legislation. House committee reported bills to amend Farm Tenant Act and broaden law on long-term Forest Service permits. Senate committee reported Interior appropriation bill. Sen. Wiley commended use of milk vending machines. Rep. Yorty opposed proposed cuts in Forest Service appropriations.

SENATE

- 1. HOUSING LOANS.** Passed with amendments H. R. 7839, the omnibus housing bill, which includes a provision continuing the rural housing program administered by this Department (pp. 7183-200). Senate conferees were appointed (p. 7200). Agreed to a McNamara amendment authorizing the Federal Housing Administration to insure any mortgage issued with respect to the construction of a farm home on a plot of land 5 or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed \$100,000,000 (p. 7200).
- 2. COMMODITY EXCHANGES; RESEARCH; PEANUTS; FARM LOANS; LAND TRANSFERS.** Reported the bills which were listed in Digest 101, item 2, as having been ordered reported the day before. These are: S. 2367 (S. Rept. 1495), S. 2715 (S. Rept. 1496), S. 3207 (S. Rept. 1497), S. 3487 (S. Rept. 1499), H. R. 4017 (S. Rept. 1500), S. J. Res. 134 (S. Rept. 1501), H. R. 6435 (S. Rept. 1502), H. R. 107 (S. Rept. 1503), (p. 7170.)
- 3. PERSONNEL; DISBURSING.** Passed with amendment S. 2728, to provide for withholding pay of Government employees indebted to the U. S. as the result of erroneous payment. Agreed to a Cooper amendment providing that the deduction for any period shall generally not exceed 2/3 of the pay from which the deduction is made. (pp. 7179-80.)
- 4. INTERIOR APPROPRIATION BILL, 1955.** The Appropriations Committee reported with amendments this bill, H. R. 8680 (S. Rept. 1506) (p. 7171).

5. NOMINATIONS. Confirmed the nominations of Messrs. McLaughlin, Merck, Morris, Houston, Macelwane, Whitaker, Hesburgh, and Adams to the National Science Board, National Science Administration, for the term expiring May 10, 1960 (pp. 7169, 7206).
6. BUILDINGS. Sen. Bush was substituted for Sen. Kuchel as a conferee on H. R. 6342 the lease-purchase buildings bill (p. 7203).
7. SOIL CONSERVATION. Sen. Carlson commended the Hope-Aiken watershed bill and inserted a Kans. Livestock Assn. statement on this matter (p. 7170).
8. DAIRY INDUSTRY. Sen. Wiley commended the use of milk vending machines as "a key to dairy prosperity" and inserted a Farm Bureau statement on this matter (p. 7201).
9. TARIFFS. Sen. Malone recommended additional tariff protection (pp. 7201-2).

HOUSE

10. FARM LOANS; FORESTRY; LAND TRANSFER. The Agriculture Committee reported with amendment S. 1276, to amend the Bankhead-Jones Farm Tenant Act in order to authorize increased interest rates, etc. (H. Rept. 1741); H. R. 2762, to broaden the Secretary's authority to permit use and occupation of national forest lands (H. Rept. 1742); and H. R. 4928, which directs conveyance of 15 acres of lands of the U. S. Animal Quarantine Station at Clifton, N. J., to the city for 50% of value (H. Rept. 1743) (p. 7222).
11. LABOR-HEW APPROPRIATION BILL, 1955. The Appropriations Committee was authorized to report this bill during adjournment of the House today (p. 7208).
12. COFFEE PRICES. Rep. Sullivan claimed the so-called "coffee shortage" is a "hoax" (pp. 7219-21).
13. ADJOURNED until Mon., June 7 (p. 7221). Legislative program for next week, as announced by Majority Whip Arends: Mon., Consent Calendar; Tues., Private Calendar; followed by Labor-HEW appropriation bill (p. 7211).
14. VEHICLES; FURNITURE. In reporting H. R. 8753 (see Digest 99), the Government Operations Committee stated: "The objection raised concerning GSA having the final decision for participation in motor-vehicle pools, and the objection raised by certain investigative agencies that the performance of their duties would be seriously interfered with by participation in a general motor pool, is believed to be rectified by committee amendment which places this authority in the President in the event of a disagreement between GSA and the agency involved. The objection raised concerning the inclusion of office equipment for pooling purposes, was resolved by striking 'office equipment' from the bill."

BILLS INTRODUCED

15. WATER RESOURCES. S. 3552, by Sen. Butler, Nebr., to authorize the Secretary of the Interior to investigate and report to Congress on the conservation, development, and utilization of the water resources of Alaska; to Interior and Insular Affairs Committee (p. 7171).
16. UNEMPLOYMENT COMPENSATION. S. 3553, by Sen. Douglas (for himself and others), to revise the unemployment insurance program; to Finance Committee (p. 7171). Remarks of author (pp. 7171-5). Also H. R. 9430, by Rep. Forand; to Ways and Means Committee (p. 7223). Remarks of author (pp. A4167-73).

Mr. MALONE. Mr. President, no extension of the 1934 Trade Agreements Act is needed beyond June 12, 1954, since, if no extension act is passed by Congress, the regulation of the domestic economy, through adjustment of the duties, imposts, and excises, commonly called tariffs or import fees, will revert to the Tariff Commission, an agency of Congress under the Tariff Commission Act in accordance with article I, section 8, of the Constitution of the United States. Article I, section 8, of the Constitution fixes the regulation of foreign trade as a responsibility of the legislative branch of the Government, the Congress of the United States.

The Constitution fixes the responsibility of regulating the foreign policy in the executive branch of the Government, pointedly separating the responsibility of regulating foreign trade and the fixing of foreign policy.

The State Department spearheading the trade agreements and the division of our markets with the nations of the world for some fancied political advantage is the pressure behind the urging to extend the act.

EXTENSION TRADE AGREEMENTS ACT NOT NEEDED

Mr. President, when the 1934 Trade Agreements Act expires on June 12, the trade agreements already made will remain in full force and effect until and unless the President of the United States serves notice of cancellation on the nations with which such agreements have been made.

Therefore, there is no change as a result of the expiration of the 1934 Trade Agreements Act.

Mr. President, unless the President wants to further divide our markets with foreign nations he does not need an extension.

We should "let the water settle" between June 12 of this year and next January, when the President will submit to Congress his message on the state of the Union.

THE 1955 STATE OF THE UNION MESSAGE

At that time, January 1955, let him recommend what in his judgment should be done regarding foreign trade and the regulation of the domestic economy; and then let Congress take such action as it may see fit to take, in accordance with article I section 8 of the Constitution of the United States.

Let us return to government under three separate and distinct branches as set forth by the Constitution, written by men who knew what it was like to be governed by a dictator.

Three branches operated separately and as balances and checks upon each—to protect the people of this Nation.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS—CHANGE OF CONFEE

Mr. MARTIN. Mr. President, I ask unanimous consent that the name of the Senator from Connecticut [Mr. BUSH] be substituted for the name of the Senator from California [Mr. KUCHEL], who is unavoidably detained,

as a conferee on the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

FEDERAL AID TO EDUCATION

Mr. HENDRICKSON. Mr. President, I am about to submit to the Cooper subcommittee of the Senate Committee on Labor and Public Welfare a statement in support of legislation authorizing Federal aid to education. I ask unanimous consent that a copy of this statement be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HENDRICKSON

It has never before been the practice of the junior Senator from New Jersey to appear before this—or any other committee—in support of legislation authorizing Federal aid to education.

To be sure, in conjunction with Senator CASE, of South Dakota, I introduced an amendment to turn over the funds derived from the vast overseas resources of the Outer Continental Shelf to the school systems of this Nation. This, Mr. Chairman, differed from the Hill amendment in the significant detail that the Case-Hendrickson amendment used the Federal Treasury as merely an agent, transferring these funds without strings to the States where the determination of educational functions traditionally resides.

Several factors have changed my thinking about these matters, particularly insofar as the legislation now before Senator COOPER's subcommittee authorizing Federal aid for school construction is concerned.

For some time I have been giving considerable thought to the connection between America's lack of adequate school facilities and our national crisis in juvenile delinquency. As chairman of the Senate Subcommittee To Investigate Juvenile Delinquency, I have heard many competent witnesses point out to the subcommittee delinquency causative factors, including the desperate shortage of classroom facilities.

I have not always been an advocate of Federal funds for school construction because there existed in my mind the possibility of Federal interference—should I say Federal encroachment—upon what many consider purely a State and local matter, the education of our youth.

But when I recall President Eisenhower saying "Our school system demands some prompt and effective help," there comes to my mind the testimony of those top-ranking experts, who, in effect, said to our subcommittee that unless the Federal Government helps out the States, and assists in the financing of modern schools that help us raise healthy and clear-minded youngsters, we will continue to have a school system greatly inadequate for the needs of America. Such a system, I am convinced, would tend to increase rather than retard juvenile delinquency. Therefore, I believe the purposes of S. 2779, or the other bills of similar intent, should be favorably considered.

It has been said that a convert is more devout than the old partisan. Here are a few cold facts that have made me change my mind. At this moment we need 345,000 new classrooms. An expenditure of \$10 billion on new schools would merely permit us to catch up with our present needs.

This legislation asks the Federal Government to aid the States to the amount of approximately \$100 million a year. While this sum is relatively small in relation to needs, it is at least a start in the right direction and could encourage the States to think in terms of what they themselves could add in the way of contribution toward the great need.

Certainly teachers and children who work and study in ramshackle, turn-of-the-century, or older, school structures are influenced by their outmoded environment. Dr. Samuel M. Brownell, United States Commissioner of Education, told our subcommittee that "70 percent of our classes number more than 30 students per class, and with such numbers teachers cannot give real individual attention to students." Many youngsters need wise counsel and individual attention from their teachers, lest they become unaware in the ways of the law and our society.

It seems to me there is the closest of links between delinquency and children out of school.

Said the Commissioner: "Approximately 95 percent of delinquents 17 years of age are out of school, 85 percent of 16 years of age are out of school, and 50 percent of delinquents 15 years of age are out of school."

Granted that truancy is one of the first delinquent acts of the troubled child, it is incumbent upon us to realize that overcrowded and dismal school "factories" are a major factor in providing these truant tendencies.

Commissioner Brownell scored a point when he stated that "A school may produce delinquency * * * some schools frustrate some pupils and set up situations causing delinquency, others fail to supply an interest—a release of tension or sense of security or satisfaction children need."

In closing I wish to quote from a majority opinion of the Supreme Court of my own State of New Jersey: "Our national hopes and destinies rest with our children and, fortunately, they are born both free and with promise for good. If along the way their freedom is lost and their goodness is not realized, society itself may be largely to blame. * * * Centuries of history indicate that the pathway lies not in unrelenting and vengeful punishment, but in persistently seeking and uprooting the causes of juvenile delinquency and in widening and strengthening the reformatory process through socially enlightened movements."

I believe the type of legislation before your subcommittee represents a positive action of part of a socially enlightened movement which will one day enable us in America to say that we have adequate school facilities for every youngster in the land.

ORDER FOR RECESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ECONOMIC PROBLEMS OF NEW ENGLAND: THE NEED FOR PROMPT ACTION

Mr. KENNEDY. Mr. President, since my discussion before the Senate exactly

1 year ago of the economic problems of New England and their alleviation, considerable progress has been made in meeting those problems, including the organization of the 12 New England Senators in response to the call of the senior Senator from Massachusetts [Mr. SALTONSTALL] and myself.

But the disappointing failures to meet many of New England's economic needs, too easily overlooked in our drive for psychological confidence, cannot be justified by recent trends. In these 12 months since my Senate speeches, unemployment in New England—which is above the national average—has increased by more than 125 percent—as measured by the average weekly insured employment under State programs, May 1953 to May 1954. Manufacturing—March 1953 to March 1954, latest available Bureau of Labor Statistics surveys—has declined in all 6 New England States for a total loss of 133,000 jobs, highlighted by the 48,000 job decline in the textile industry which is now approximately 60 percent of its February 1951 strength. Our leather, shoe, rubber, apparel, and other nondurable goods industries have also declined; as have the more publicized machinery, metal, and other durable goods industries. New England's steel mills operated in the first quarter of 1954 at 62 percent of capacity, 30 percent less than a year ago. Reports from the New England Council and the Boston Federal Reserve Bank indicate that declining defense orders will increase the difficulties of New England's electronic, aircraft, shipbuilding, and equipment manufacturers.

The battle against recession is now more nationwide in scope than it was 1 year ago, and it involves many legislative issues to be discussed subsequently on this floor, including taxation, credit and interest, public works, housing, farm income, and world trade, in addition to the items which I shall mention; but permit me to outline those steps which the administration should take promptly in order to help restore prosperity in New England and other similarly situated areas.

First. Restore bid matching to Defense Manpower Policy No. 4, the program for channeling defense contracts to labor surplus areas: This program, both widely hailed and condemned when announced 6 months ago, has had only a negligible effect because of its elimination of the bid-matching features under which New England labor surplus areas had previously obtained \$14 million in defense contracts. During the new policy's first full quarter of operation—Defense Department release based upon contracts of \$25,000 value or more; \$10,000 for Navy—not a single contract went to a New England labor surplus area as a result of this preference, and only two "distressed areas" in the rest of the country received contracts totaling only \$163,159. Moreover, only two of New England's labor-surplus areas received any defense contracts at all in the first quarter; and New England's share of all defense contracts declined instead of increasing.

Second. Expand the application of the administration's new policy of tax am-

ortization certificates of necessity for industries in labor-surplus areas: The delay in initiating this policy, the restrictions placed upon it, and the fact that it provided only an extra percentage for that declining number of industries already eligible for emergency amortization, have made this program of little value, and as of April 15, only 2 certificates under this policy had been awarded to 1 New England community, covering a capital investment of only \$250,843. Only 10 such certificates were awarded throughout the entire country. During this same period under the regular tax amortization program, the number and value of certificates of necessity awarded to all firms in all New England States continued to lag behind New England's proportionate share and defense contribution.

Third. Revitalize and broaden the authority of the Small Business Administration: The establishment of this agency to strengthen the economy by aiding small business was of particular interest in New England, which has a higher proportion of small business than any other region in the United States, and where the rate of business failures is higher this year than last. But as a result of legislative ceilings and administrative delays, the Small Business Administration as of May 13 had approved in its 7½ months of operation only six loans, for a total of only \$204,000, in all six New England States. Indeed, as of April 30, SBA had disbursed less than \$1.2 million on 37 loans throughout the Nation, as compared with administrative expenses on March 30 totaling nearly \$2.4 million.

Fourth. Eliminate discrimination and confusion in New England transportation rates: I have previously pointed out examples of such discrimination and confusion in rail, truck and ocean shipping rates, and this subject is now under review by the New England Senators Conference. ICC decisions during the past 12 months have intensified this situation. Division II of the Commission recently denied to New England, and its railroads and ports, the opportunity to enjoy rates on iron ore shipped by rail to the interior steel-producing areas, comparable to the rates enjoyed by the ports of Philadelphia and Baltimore. In January, a Commission decision denied adequate service in intercoastal shipping between the port of Boston and the west coast. Other recent ICC decisions affecting shipments to New England goods by truck have continued this discrimination.

Fifth. Plug tax loopholes which contribute to improper industrial migration: The House Ways and Means Committee, in its deliberation on the tax revision bill, originally decided to plug one of the most flagrant of such loopholes by removing the immunity from industrial development bonds issued by States and municipalities in order to build tax-free factories as a lure to industry; but, the committee reversed this decision and instead voted to deny the use of rentals on such factories as business deductions. The Senate Finance Committee has now voted to eliminate even this substitute, which is ineffective whenever such fac-

ories are given or cheaply sold to the migrant industry. I am hopeful that the Senate committee or the Senate will reinstate at least this modified version before the bill is finally passed, and that this unjustifiable abuse of public credit may be eliminated this year.

Sixth. Request legislative and administration action to correct substandard wage competition: It is my hope that the President will reexamine his decision not to seek an increase in the minimum wage or to extend its coverage at this time; that his administration will ask Congress to modify or repeal the Fulbright amendment to the Walsh-Healey Act which has stymied effective application of adequate nationwide minima on defense contracts; and that the Department of Justice will act more vigorously in pending litigation under the Fulbright amendment which has delayed the adoption of realistic wage standards for the textile industry. I am particularly hopeful that this year's budget for labor's wage and hour enforcement division will rectify last year's error, when this budget was cut 27 percent below the previous appropriation, thus making it possible to inspect only 1 out of 22 establishments covered by the law, requiring the complete elimination of 8 southern regional offices, and making possible the review of wages in Puerto Rico only once in every 7 years for each industry.

Seventh. Initiate a program to revive the shipbuilding industry: Such a program, much discussed but not as yet forthcoming, is of particular interest in New England and other areas dependent upon this vital industry. An essential of such a program would be to make more effective those defense manpower policies applicable to the shipbuilding industry, inasmuch as the third *Forrestal*-type aircraft carrier was awarded to a shipyard with increasing employment and substantial naval projects, instead of the Fore River Shipyard at Quincy, Mass., where employment had already dropped by more than 25 percent, and where 7 out of its 10 shipbuilding ways will be idle by this fall.

Eighth. Support the Saltonstall-Kennedy bill to aid research and market development in the fishing industry: The active opposition by the Department of Agriculture with the approval of the Bureau of the Budget to this measure, which seeks only to allocate to our fishing industry its fair share of tariff receipts, has handicapped its passage without restrictive amendments. I am hopeful that the administration will reverse this position, and support this bill which is of great importance to New England's hundred-million-dollar fishing industry.

Ninth. Seek more effective social insurance against the ills of unemployment and forced retirement: In order to maintain community purchasing power and individual living standards, New England requires improvements in the existing social-security program, which improvements are only partly contained in the recommendations of the President, particularly with respect to our disabled citizens. It is especially important to strengthen our unemployment compensation program by extending coverage, providing Federal reinsurance for States

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 7, 1954
For actions of June 4, 1954
83rd-2nd, No. 103

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HIGHLIGHTS: Sen. Morse spoke against buildings lease-purchase bill.

SENATE

1. BUILDINGS. Sen. Morse spoke against H. R. 6342, to authorize GSA to enter into lease-purchase agreements for construction of public buildings, and inserted a Commercial Club of Condon, Oreg., resolution opposing this bill (p. 7241).
2. INTERIOR APPROPRIATION BILL, 1955. This bill, H. R. 8680, was made the Senate's unfinished business (pp. 7238-9).
3. STATE, JUSTICE, COMMERCE APPROPRIATION BILL, 1955. The Subcommittee completed marking up this bill, H. R. 8067, and ordered it reported to the full Appropriations Committee (p. D629).
4. ELECTRIFICATION. Sen. Morse inserted an Oregon State Council of Carpenters' resolution "very strongly" protesting the "policy of the Administration to permit the Idaho Power Co., to construct low level dams and thereby forever prohibit full utilization of the Snake and Columbia Rivers" (p. 7226).
5. RECREATION AREAS. Sen. Morse commended the Izaak Walton League and other organizations for their nationwide campaign to stop the littering of our Nation's highways, parks, and recreational areas with paper bags, wrappings, cans, bottles and other kinds of trash (pp. 7240-1).
6. RECESSED until Mon., June 7 (p. 7244). The Legislative Program as announced by Majority Leader Knowland: Mon., calendar, following which it is proposed to begin consideration of the Interior appropriation bill, and if the appropriation bill is completed, several bills not affecting this Department will then be considered (p. 7239).

ITEMS IN APPENDIX

7. ELECTRIFICATION. Sen. Morse inserted two newspaper articles criticizing the administration's power policies (pp. A4189-90, A4192).

8. DAIRY INDUSTRY. Sen. Johnson inserted Gov. Shivers' proclamation that June be observed as Dairy Month (p. AM192).

COMMITTEE HEARINGS RELEASED BY GPO

9. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1955. Part 1 (Exclusive of Public Health Service). H. Appropriations Committee.

BILLS INTRODUCED

10. RECLAMATION. S. 3555, by Sen. Butler, Nebr., for himself and Sen. Kuchel, to authorize the Sec. of the Interior to construct, operate, and maintain the Trinity River division and the San Luis unit, west San Joaquin division of the Central Valley project, California; to Interior and Insular Affairs Committee (p. 7226). Remarks of author (p. 7227).

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COMMITTEE HEARING ANNOUNCEMENTS FOR JUNE 7: Overall farm program proposals, H. and S. Agriculture, (exec). JUNE 7, 8: Trip-leasing bill, S. Interstate and Foreign Commerce. JUNE 8: Amend Standard Container Act, S. Interstate and Foreign Commerce. Unemployment compensation for additional groups, including packing employees, H. Ways and Means (O. V. Wells. to testify).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

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and also newspaper publishers and the automobile, rubber, and petroleum industries. The united action proposed by KAB, because it is based on protecting financial interests, may well be the decisive force in solving the litterbug problem.

A brewer told me: "Legally we're not responsible for the beer cans strewn along roads, but the cans bear our name and people hold us morally responsible. We're facing that fact."

If Keep America Beautiful plans are realized, the whole country will blaze with appeals before another year passes: antilitter reminders on cans, cups, bottles, cartons, and also in radio, TV, newspaper and magazine advertising. Realistic about the job ahead of it, KAB foresees years of unrelenting publicity if the littering habit is to be broken.

One scheme for ending roadside litter was first proposed by the garden clubs. It is to have every motorist carry a litterbag in the car and use it as he would a wastebasket at home. Service-station attendants would empty it as part of their routine.

The proposed bag is square-bottomed, of stout brown paper, about half the size of a marketing bag. A strong handle allows it to be hung easily inside the car door. Costing about one and a half cents in large quantities, it will last 3 months in average service. It is hoped that the big oil companies will sponsor the litterbag on a large enough scale to make it standard.

The National Park Service tried out the idea last summer. Guards presented each visiting car with a paper bag, explained its purpose and asked that it be returned upon leaving. The plan worked.

The Mid-Continent Oil Co. tried a similar plan in Tulsa, Okla. Its station operators gave a trash bag to each customer and assured him that any Mid-Continent station would be glad to empty it.

Some other oil companies, however, have shied from sponsoring any sort of trash bag, arguing that service-station owners might balk if asked to dump trash collections. But when the Iowa Petroleum Retailers Association put the trash-bag issue up to a vote, the group enthusiastically voted to assume the new chore provided a satisfactory bag is made available.

No doubt we will soon be carrying trash bags in cars as we do road maps. It will be a stubborn motorist who resists the appeals pressed on him from all sides. If every American recognizes his responsibility for keeping our country clean, litterbugging can be stopped.

LEASE-PURCHASE AGREEMENT — RESOLUTION OF THE CONDON (OREG.) COMMERCIAL CLUB

Mr. MORSE. Mr. President, I now wish to turn my attention to another matter. Usually I ask unanimous consent to have resolutions printed merely in the Appendix of the RECORD, but I think the one now before me is of sufficient significance, because it is such an exception to the rule, that I intend to make it the subject of a very brief speech, consisting for the most part of reading the resolution and commenting upon it.

The resolution, which was adopted by the Commercial Club of Condon, Oreg., refers to the question of the lease-purchase program which the Senate unfortunately adopted in the form of the Kuchel bill a short time ago. Over the objections of some of us, the lease-purchase bill was passed, a bill which some said would result in great waste, and in the taxpayers of the country paying

more money than they needed to pay for public buildings, and paying for some public buildings which were not needed at all.

It will be remembered, Mr. President, that in that debate I pointed out the bill had many of the characteristics of a political grab bag. I charged that it would be used in part as a hidden campaign slush fund for politicians who might find themselves in political difficulty. I am very proud that I opposed the lease-purchase bill, along with the Senator from Virginia [Mr. BYRD], the Senator from Illinois [Mr. DOUGLAS], and other Senators, in opposition to what we considered to be a very uneconomical proposal for the construction of public buildings.

I supported the position taken by the Senator from Washington [Mr. MAGNUSON], who stated that, according to calculations which had been made, the buildings, on the average, would cost the taxpayers of the country about 40 percent more than such buildings needed to cost. We pointed out in the debate that the buildings not only would cost much more than if the Government itself constructed them, but the Government would not have control of the plans and designs of the buildings. We pointed out that the Kuchel bill amounted to putting Uncle Sam on an installment-plan basis when it came to constructing buildings which might be needed. We urged that the bill be defeated because the people of the country would not favor it once they knew the facts about it.

This is what the Condon, Oreg. Commercial Club of my State has to say about the application of the proposal to a proposed building in the State of Oregon:

Whereas the Portland (Oreg.) Journal of April 8, carried a news story on the front page indicating the House had approved and sent to the Senate an appropriation measure calling for an expenditure, under a lease-purchase agreement, of \$43 million for additional public buildings for Oregon, which it is assumed means post offices and other public offices; and

Whereas Condon, Oreg., is listed for a building costing \$215,000, which is one of the smallest of the 88 projects proposed; and

Whereas this cost seems to be about as far out of proportion to our needs in this community as does the proposed cost of buildings in the other communities listed; and

Whereas if the voters and taxpayers of Condon, Oreg., were called upon to approve an expenditure of this amount out of their own property-tax money, they would vote it down almost unanimously, as we believe, would every other Oregon community in like circumstances; and

Whereas both the Federal Government as a whole and the Post Office Department in particular have been operating at a deficit for many years and are, therefore, less able to buy unnecessary facilities for any community than the community is itself; and

Whereas if our Government is ever to return to a normal economy and a balanced budget, it must be done by eliminating useless and unnecessary spending, which this measure appears to us to be; and

Whereas it is our opinion from the information at our disposal, that if this ap-

propriation is necessary at all, it is far greater than present or foreseeable needs seem to indicate, and could be reduced by a very great amount: Now, therefore, be it

Resolved, That the Condon Commercial Club at a regular meeting and by unanimous approval, disapprove of this measure as we understand it, not only as it affects our own town of Condon, Oreg.; but also so far as it applies to all other 87 listed Oregon cities.

Furthermore, we urge that an investigation be made by appropriate authorities to determine if similar unwarranted expenditures are being contemplated for other States in the United States. If so, we wish to strongly voice our disapproval of those expenditures.

Furthermore, we urge that appropriate action be taken to recall and reconsider appropriation measures of this nature that have already been approved by Congress.

Furthermore, we desire that a copy of this resolution be sent to our Congressmen and Senators.

CONDON COMMERCIAL CLUB,
RALPH B. EATON,
President.
THOMAS H. BLESSINGTON,
Secretary.

Mr. President, I have read the resolution into the RECORD because I wish to give it the notice to which I believe it entitled. Certainly it merits a great deal of notice. I wish to commend the officers and members of the club for what I believe to be real statesmanship at the local, community level. They see through the wastes of the lease-purchase bill. The Senate did not fool them. They know what the result of this lease-purchase bill will be. It will result in imposing on the taxpayers of the Nation additional costs that cannot be justified.

So, Mr. President, I am proud to have in my State a group of businessmen who are not willing to sell their birthright for a mess of pottage, even though it takes the form of a post-office building which in cost far exceeds the needs of the community. The Condon Commercial Club expresses the kind of sentiment we need more of in our country if we are to check legislation of such wasteful character as, in my judgment, the lease-purchase bill constitutes.

Mr. President, I now desire to refer to another subject.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

THE OPPENHEIMER CASE

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at the conclusion of the very brief remarks I am about to make on the Oppenheimer case an article entitled "What Is Security?" written by Joseph and Stewart Alsop, and published in the Washington Post and Times Herald of June 4; and also an article entitled "The Oppenheimer Story," written by Roscoe Drummond, and published in the same newspaper.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits A and B.)

Mr. MORSE. Mr. President, I merely wish to say that as I read these two penetrating analyses by these very able commentators, I would that they had been on the board that passed judgment

upon the Oppenheimer case, because I think that in their articles they come to the very essence of the case.

Mr. President, I am not prepared to pass final judgment on the Oppenheimer case while the matter is still pending before the Atomic Energy Commission. But I have great difficulty intellectually—as I know, from the cloakroom discussions, many of my colleagues have been having difficulty—in understanding how a finding could be made that there is no question about Dr. Oppenheimer's loyalty to the country, there is no question about his great contribution to atomic energy science, but still he is not given clearance.

Yet when we read the newspapers we discover that there are those who recognize that indiscretions or political immaturity have no bearing whatsoever on the mining of a mind that the scientists tell us is one of the keenest scientific minds among all our citizens. With the threat of communism what I believe it to be, and with the gap between Russian atomic power and the atomic power of the United States narrowing, so we are told, month by month, I think we are simply spiting ourselves if we deny to our Government the maximum contribution that this great scientific mind can make to his country.

From today's newspapers I notice that there are those in England who seem to think that if we do not want to mine this mind they are willing to mine it. I am greatly impressed by the reactions of scientists across the Nation to the schizophrenic majority report of the board that analyzed the Oppenheimer case. Its premises simply are split as a personality sometimes is split. The first part of the report certainly cannot be connected with the last part.

In this case, I think there is only one simple question, and the Alsop brothers bring it out in their article, and Roscoe Drummond brings it out in his. I state it now in my own language: Is it in the interest of scientific development in the United States, insofar as our atomic program is concerned, to continue to use the contributions of this scientific mind, in the body of a person who has demonstrated that he is, or has been on many, many occasions, politically immature? Should we lose that contribution merely because of some political indiscretions, so long as we have the finding that he is loyal to his Government?

Mr. President, I suggest that the appropriate congressional committee look into the question whether there is any factual basis for the rumor that, apparently, within the Atomic Energy Commission there are some personal conflicts between the Chairman of the Commission and Oppenheimer. I am disturbed about what I read in the press these days concerning an attempt on the part of some to vest in the head of the Atomic Energy Commission broad, sweeping, arbitrary, and unwarranted discretionary powers. I do not know a man in the United States, including the present head of the Atomic Energy Commission, Mr. Strauss, who is entitled to have any such power as that which is presently reported in the press as being

proposed to be vested in him. I wish to say that here again we in the Congress have the duty of seeing to it that we give effective meaning to our system of checks and balances. We have the duty of constantly keeping the executive branch of our Government within check, just as the executive branch of the Government has the constitutional duty of seeing to it that the Congress does not exceed its legislative functions.

There is involved in the discussion of how much power Strauss should have the question of limiting the jurisdiction and discretion of the head of an agency which is the child of the Congress. Let us not forget that the Atomic Energy Commission is the child of the Congress. The Atomic Energy Commission has responsibilities to the Congress, and we, in turn, have certain duties and obligations with respect to the Atomic Energy Commission. In my judgment one of our duties is to keep a bridle on the head of the chairman of the Atomic Energy Commission, and a curb bit in his mouth, so to speak, so that we can rein him in when necessary.

I make these comments because I think there is some reason to believe that there is a connection between the Oppenheimer case and the reported proposal to give to Strauss, of the Atomic Energy Commission, unchecked, unbridled power. I propose, so far as my vote in the Senate is concerned, to compel the Atomic Energy Commission to operate on the basis of the good democratic principle of majority rule. I do not propose to give to the chairman of the Atomic Energy Commission what would be tantamount to a veto power over his colleagues.

Mr. KNOWLAND. Mr. President, I may say in passing, as a member of the Joint Committee on Atomic Energy, that I know of no proposal which is pending before the committee, or of any proposed legislation, which would give the chairman of the Commission a veto over his associates. The only thing, to my knowledge, which has been suggested so far as amendment is concerned, is to give the chairman of the Commission the same responsibilities that the chairman of every other commission—the Interstate Commerce Commission, the Federal Trade Commission, and all the others—has in relation to his associates, with respect to responsibility for certain administrative details. But he will neither have a veto power, nor will he have any greater vote than the one vote which each Commissioner has. Though there has been some discussion in the newspaper to the contrary, at least so far as I know, there has not been seriously proposed anything which would go as far as the Senator from Oregon apparently feels is under consideration.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MORSE. The comments of the majority leader are very reassuring. I certainly think they justify further inquiry into this subject. I have read the newspapers. I have read the statements quoted in the press as to the power which would be given to the Atomic En-

ergy Commission chairman. In my judgment those statements are subject to the interpretation that he would have very broad discretionary power to make decisions in which his colleagues would not have a voice.

Mr. KNOWLAND. I hope the Senator, in his usual thorough manner, will very carefully read both the record which I am sure he will do—and the proposed legislation when it comes before the Senate.

Mr. MORSE. I shall do so.

Mr. KNOWLAND. And also the recommendations of certain individuals who have studied this question. Mr. Acheson, I believe, was on the Hoover Commission. Certain others went into this phase of the problem. They recommended—I believe by practically a unanimous vote, if not a unanimous vote—this type of change, which was deemed necessary to put the Atomic Energy Commission on the same basis as other commissions.

Mr. MORSE. If the Senator from California will permit me one further word, I wish to say that there are various types of vetoes. When I refer to the veto power, I mean a veto which would exist in effect if we were to give to the chairman of the Atomic Energy Commission, under the guise of administrative authority, the power to determine policy, without the right of the majority of his colleagues to reverse him.

Mr. KNOWLAND. I will say to the Senator that, frankly, I know of no such proposal which has been made, or which has been seriously considered, to date, at least by the joint committee, in the hearings which are now in progress. Of course, as the Senator knows, the hearings are still in progress. The committee has not even reached the final stage of marking up the bill.

Mr. MORSE. One of the things which disturbed me the most was a story in the press quoting other members of the Commission in regard to their objections to the vesting of certain powers in the chairman which they thought would be vested—if I read the stories correctly—by the language now contained in the bill.

One of the functions of the Independent Party in the Senate is to raise the signal flags of warning when he finds such criticisms of the Chairman of the Atomic Energy Commission as have been appearing in the press recently. I know the other members of the Commission as well as I know the Chairman of the Commission. I have great confidence in them and respect for them. When they think the situation is serious enough to cause them to make statements of criticism as to proposals to increase the Chairman's powers which appear in the press, I feel that it is my duty to stand on the floor of the Senate and urge the committees of the Senate which have jurisdiction over the subject at least to look into it very carefully. We have a duty to see to it that no legislation is proposed which would give to the Chairman of the Commission what I have called broad, sweeping, discretionary powers.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 23, 1954
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HIGHLIGHTS: House received conference report on agricultural appropriation bill. Senate passed watershed bill. House passed forest-land use bill. Surplus commodities bill was sent to conference. Senate debated trade agreements bill. Senate committees reported tax revision bill and Labor-HEW appropriation bill. Both Houses agreed to conference report on Army flood-control appropriation bill, but Sen. Long entered motion to reconsider. Rep. Neal criticized surplus commodities bill and high price supports. Senate committee made decisions on farm program bill. Senate committee voted to report Federal employees' life insurance bill.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1955. Received the conference report on this bill, H. R. 8779 (pp. 8187-9). Attached to this Digest are statements pertaining to the measure.
2. SURPLUS COMMODITIES. Reps. Hope, Andresen, Hill, Cooley, and Poage, and Sens. Aiken, Young, Thye, Hickenlooper, Schoeppel, Ellender, Johnston, Holland, and Anderson were appointed conferees on S. 2475, to aid in disposal of surplus agricultural commodities (pp. 8142-4, 8233-4).
3. FLOOD-CONTROL APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 8367, the Army civil functions appropriation bill for 1955, which includes flood-control items; but Sen. Long entered a motion to reconsider the Senate vote (pp. 8155-8, 8209-10).
4. FORESTRY. Passed as reported H. R. 2762, to revise the authority of the Department to issue permits for construction on and use of areas within the national forests for various purposes connected with commercial and industrial development, public use by State and other governmental agencies, and for educational

and recreational purposes (p. 8193).

The Government Operations Committee submitted reports on "The Government in Business — Commissaries — Forest Service — Part 3" (H. Rept. 1908) and "The Government in Business — Sawmills — Part 4" (H. Rept. 1909)(p. 8241).

5. DISBURSING; PAYROLLING. Agreed to the conference report on S. 2844, to make permanent the authority for U. S. disbursing officers to perform certain financial transactions, such as payments in foreign currencies in connection with foreign duty (p. 8208).

Passed with amendment S. 2728, to authorize collection of indebtedness of Government personnel resulting from erroneous payments (pp. 8208-9).

6. LAND TRANSFERS. Concurred in the Senate amendments to H. J. Res. 458, to direct USDA to quitclaim retained rights in a tract of former FHA land to the Board of Education of Irwin County, Ga. (p. 8189). This measure will now be sent to the President.

Passed as reported H. R. 4928, to authorize sale of a tract of land at the U. S. Animal Quarantine Station to Clifton, N. J. (p. 8193).

7. RECLAMATION. Passed without amendment H. R. 8027, to extend for 3 years the time during which the Secretary of the Interior may enter into amendatory repayment contracts under the Federal reclamation laws (p. 8198).

8. PHILIPPINE IMPORTS. Discussed and, at the request of Rep. Bonner, passed over H. R. 9315, to provide for an extension on a reciprocal basis of the period of free entry of Philippine articles into the U. S. Rep. Bonner objected to the bill because the Philippine Government has rejected a bill to remove the restrictions on importation of Virginia leaf tobacco into the Philippines. (pp. 8206-7.)

9. EDUCATION. House conferees were appointed on H. R. 9040, to authorize cooperative research in education, and H. R. 7434, to establish a National Advisory Committee on Education (p. 8225). Senate conferees have been appointed.

10. BUILDINGS. The conferees agreed to file a report on H. R. 6342, to authorize purchase contracts for the erection of new Federal buildings (p. D721).
Rep. McCormack commended the service of William E. Reynolds, Commissioner of the Public Buildings Service (p. 8237).

11. FOREIGN TRADE. Rep. Williams, N. J., spoke in favor of expansion of foreign trade and the Randall Commission recommendations (pp. 8225-33).

12. BANKING AND CURRENCY. Rep. Patman criticized the current policies regarding Federal Reserve requirements, etc. (pp. 8237-9).

13. STOCKPILING APPROPRIATIONS. Received from the President a supplemental appropriation estimate of \$380,000,000 for 1955 for stockpiling strategic and critical materials (H. Doc. 441)(p. 8240).

14. VIRGIN ISLANDS. Passed with amendments S. 3378, to revise the organic act of the Virgin Islands (pp. 8210-22). No change was made in the provision regarding importation of diseased animals.

15. FARM LOANS. Passed as reported H. R. 5997, to provide that the Hawaii Legislature may authorize the issuance of general obligation bonds for purchase and making of mortgages on homes and farms of veterans (p. 8197).

LEASE PURCHASE

Conferees, in executive session, agreed to file a conference report on H. R. 6342, to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts, and to extend the authority of the Postmaster General to lease quarters for post-office purposes. It was announced that the conference report will be filed Wednesday, June 23.

SANTA MARGARITA RIVER

Conferees met again in executive session to resolve the differences between the Senate- and House-passed versions of H. R. 5731, to authorize construction, operation, and maintenance of certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., but did not reach final agreement and will meet again Monday, June 28.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws, see DIGEST, p. D706)

S. 251, to amend the U. S. Code relating to docket fees. Signed June 18, 1954 (P. L. 400).

S. 1399, to authorize the Secretary of Agriculture to sell certain improvements on national forest land in Arizona to the Salt River Valley Water Users Association. Signed June 18, 1954 (P. L. 401).

S. 1823, to allow credit in connection with certain homestead entries for military or naval service rendered during the Korean conflict. Signed June 18, 1954 (P. L. 402).

S. 3096, utilization of physicians, dentists, or specialists in enlisted grades of the Armed Forces. Signed June 18, 1954 (P. L. 403).

S. 2761, to approve repayment contracts negotiated with Hermiston and West Extension Irrigation Districts, Oregon. Signed June 18, 1954 (P. L. 404).

S. 2773, to amend act providing for transportation and distribution of mails on motor-vehicle routes. Signed June 18, 1954 (P. L. 405).

S. 3090, to authorize the transmission and disposition of electric energy generated at Falcon Dam on the Rio Grande. Signed June 18, 1954 (P. L. 406).

S. 3524, to affirm the temporary appointments of certain officers of the Navy. Signed June 18, 1954 (P. L. 407).

S. 3446, authorizing certain rehabilitation at the U. S. Military Academy. Signed June 18, 1954 (P. L. 408).

H. R. 107, transfer of the site of the original Fort Buford, N. Dak., to the State of North Dakota. Signed June 18, 1954 (P. L. 409).

H. R. 2226, relating to pay of civilian employees of the Navy Department appointed for duty beyond the continental limits of the U. S. and in Alaska. Signed June 18, 1954 (P. L. 410).

H. R. 8487, to provide for censuses of manufactures, mineral industries, and other businesses, relating to the year 1954. Signed June 18, 1954 (P. L. 411).

H. R. 6328, permitting exchange of certain public lands in Waimea, Kauai, Hawaii. Signed June 18, 1954 (P. L. 412).

H. R. 2849, to amend act authorizing transfer of certain land from War Department to Hawaii. Signed June 18, 1954 (P. L. 413).

H. R. 5913, to simplify the handling of postage on newspapers and periodicals. Signed June 18, 1954 (P. L. 414).

H. R. 5831, authorizing Hawaiian Homes Commission to exchange title to certain lands under its jurisdiction for publicly owned lands of equal value. Signed June 18, 1954 (P. L. 415).

H. R. 5833, authorizing Hawaiian commissioner of public lands to exchange certain public lands for private lands of equal value for school purposes. Signed June 18, 1954 (P. L. 416).

H. R. 6888, granting authority to Hawaiian Homes Commission to lease to natives homelands of irrigated pastoral lands. Signed June 18, 1954 (P. L. 417).

H. R. 6890, to extend electric light and power franchise to cover Waimea and Koloa, Kauai, Hawaii. Signed June 18, 1954 (P. L. 418).

H. R. 8092, to facilitate the entry of Philippine traders. Signed June 18, 1954 (P. L. 419).

H. R. 6655, to amend the charter of the Columbia Institution for the Deaf. Signed June 18, 1954 (P. L. 420).

H. R. 8044, to extend authorization for the hospitalization of certain veterans in the Philippines. Signed June 18, 1954 (P. L. 421).

S. 1794, to reimburse the South Dakota State Hospital for the Insane for the care of Indian patients. Signed June 21, 1954 (P. L. 422).

COMMITTEE MEETINGS FOR WEDNESDAY,
JUNE 23

(All meetings are open unless otherwise designated)

Senate

Committee on Agriculture and Forestry, executive, on S. 3052, general farm program, 2 p. m., room P-63, Capitol.

Committee on Appropriations, subcommittee, on H. R. 9203, legislative and judiciary appropriations, 10 a. m., room F-37, Capitol; full committee, executive, on Spanish bases, 2 p. m., room F-39, Capitol.

Committee on Armed Services, Subcommittee on Real Estate and Military Construction, executive, on AF projects, and to discuss H. R. 9242, military public works, 2 p. m., room P-38, Capitol.

Committee on Banking and Currency, on S. 76 and S. 1118, bank holding company legislation, 10 a. m., 301 Senate Office Building.

Committee on Interior and Insular Affairs, Subcommittee on Indian Affairs, on S. 1072 and S. 3043, authorizing long-term leasing of certain restricted Indian lands, 10 a. m., 224 Senate Office Building.

Committee on Interstate and Foreign Commerce, on nomination of John C. Doerfer, Wisconsin, to be member of FCC, followed by executive on committee business, 10 a. m., room G-16, Capitol.

Committee on Labor and Public Welfare, Subcommittee on Health, on S. 2868 and H. R. 7125, regarding residues of pesticide chemicals in or on raw agricultural commodities, 10 a. m., room P-63, Capitol.

Committee on Rules and Administration, executive, on committee business, 10 a. m., 104-B Senate Office Building.

House

Committee on Agriculture, to resume on general farm program, executive, 10 a. m., 1310 New House Office Building.

Committee on District of Columbia, Subcommittee on H. R. 8663, to amend the Police and Firemen's Salary Act to correct inequities involving reassignment of firemen; and H. R. 9114, to increase to \$3 per diem the witness fee in cases in the criminal division of the D. C. municipal court; to be followed by executive meeting on pending bills, 9:30 a. m., 445 Old House Office Building.

Committee on Foreign Affairs, on draft bill Mutual Security Program, executive, 10 a. m., room G-3, Capitol.

Committee on Government Operations, Brownson subcommittee to resume hearing with Foreign Operations Administration witnesses relative to administration of the Mutual Security Program in foreign countries, 10 a. m., 304 Old House Office Building.

Riehlman Subcommittee on Military Operations to resume executive consideration of the Defense Department's military

research and development programs, 10 a. m., room G-53, Capitol.

Committee on Interstate and Foreign Commerce, on H. R. 8898, to amend the Civil Aeronautics Act re certificates of public convenience, 10 a. m., 1334 New House Office Building.

Committee on the Judiciary, Subcommittee No. 4 on S. J. Res. 44, H. J. Res. 27, 91, and 194, proposing constitutional amendments relating to composition and jurisdiction of Supreme Court, 10 a. m., 327 Old House Office Building.

Subcommittee No. 1, continuation of hearing on bills outlawing the Communist Party and relating to Communist-infiltrated organizations, 9:30 a. m., 346 Old House Office Building.

Subcommittee No. 5, private claims (open) and executive on pending legislation, 10 a. m., 230 Old House Office Building.

Committee on Merchant Marine and Fisheries, public hearings on S. 3233, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in U. S.-flag vessels, 10 a. m., 219 Old House Office Building.

Committee on Post Office and Civil Service, Gross subcommittee on H. R. 1046, relating to the rate of postage on certain publications entered as second-class matter prior to June 28, 1932, followed by Cole subcommittee on H. R. 7785, 8894, and 9586, bills to amend the Civil Service Act regarding pension and annuities increases, 10 a. m., 213 Old House Office Building.

Committee on Public Works, Subcommittee on Flood Control in executive session, 10 a. m., 1304 New House Office Building.

Joint Committees

Joint Committee on Atomic Energy, executive, to mark up H. R. 8862 and S. 3323, amend Atomic Energy Act of 1946, 10 a. m. and 2 p. m., room F-88, Capitol.

Conferees, executive, on H. R. 8680, Interior appropriations, 10:30 a. m., room F-82, Capitol.

Conferees, executive, on H. R. 8873, Defense appropriations, 1:30 p. m., room F-53, Capitol.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 25, 1954
For actions of June 24, 1954
83rd-2nd, No. 117

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HIGHLIGHTS: Rep. Hope introduced farm program bill. Committee was authorized to report it during House recess. Senate committee voted to continue rigid price supports and took other actions on farm program bill. Senate passed bill to continue trade agreements program 1 year. Rejected Mundt amendment to strengthen Sec. 22 on farm imports. Sen. Bowring spoke favoring flexible price supports. Senate committee voted to report bill to regulate pesticide chemicals. Sen. Douglas defended WRECA regarding amendment to increase REA appropriations. Both Houses received buildings lease-purchase bill. House passed measure continuing farm housing program 1 month. House committee was authorized to report foreign aid bill during House recess. Committee voted to report this bill, and it was cleared by Rules Committee. Rep. Chipperfield introduced this bill.

SENATE

1. FARM PROGRAM. The "Daily Digest" states: "Committee on Agriculture and Forestry ...continued its executive consideration of S. 3052,... following which it announced the following actions: (1) By a vote of 8 to 7, agreed to extend mandatory 90 percent of parity price supports for the basic crops for 1 more year; (2) Agreed to retain mandatory price supports for tung nuts and honey between 60 and 90 percent of parity; and (3) Agreed to introduce a separate bill to extend the authority of the Secretary of Agriculture to make agricultural conservation payments on a national basis. The committee defeated, by a vote of 9 yeas to 6 yeas, a motion to extend mandatory 90 percent of parity price supports for the basic crops for 2 years." (pp. D731-2.)
2. TRADE AGREEMENTS. Passed, 71 to 3, with amendment H. R. 9474, to continue for 1 year (until June 12, 1955) the President's authority to enter into reciprocal trade agreements (pp. 8345-78, 8381-416). Agreed to an amendment by Sen. Johnson, Colo. (for Sen. Symington) to prohibit action under this authority which would decrease the duty on any article by an amount that would threaten supplies to meet national defense needs (pp. 8415-6). Rejected the following amendments:
By Sen. Mundt, providing that if the Tariff Commission finds that imports of any commodity will materially hamper the price-support program, the President shall impose up to 50% fees on such articles; by a 23-52 vote (pp.

8408-13).

By Sen. Malone, to establish a Strategic and Critical Minerals and Materials Authority (pp. 8413-15).

During debate on the bill, Sen. Malone stated that farmers have what amounts to a protective tariff through price supports (pp. 8376-7).

3. PRICE SUPPORTS. Sen. Bowring spoke in favor of the Administration's recommendations for flexible price supports (pp. 8378-80).
4. REA APPROPRIATIONS. Sen. Douglas explained the development of his amendment to increase the REA item in the agricultural appropriation bill by \$35 million and defended the activities of NRECA in this regard (pp. 8417-19).
5. PESTICIDE CHEMICALS. The Labor and Public Welfare Committee voted to report (but did not actually report) with amendment H. R. 7125, to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities (p. D732).
6. BUILDINGS. Both Houses received the conference report on H. R. 6342, to authorize GSA to acquire real property and to provide for construction of public buildings thereon by executing purchase contracts (pp. 8419-21, 8427-9).
7. VIRGIN ISLANDS. Senate conferees were appointed on S. 3378, to revise the Virgin Islands organic act, with a provision regarding importation of diseased animals (pp. 8335-40). House conferees have not yet been appointed.
8. NOMINATION of Lewis G. Castle, to be Administrator of the St. Lawrence Seaway Development Corporation, was received (pp. 8335, 8426).
9. LEGISLATIVE PROGRAM. The Labor-HEW appropriation bill was made the unfinished business. Sen. Knowland indicated that the Indian extension work bill would be considered today, the calendar of bills would be read Sat., and debate on the tax bill would begin Mon. (pp. 8416-7).

HOUSE

10. FARM PROGRAM. The House Agriculture Committee considered further the diverted acres question in connection with the farm program bill. The Committee was authorized to report the bill, H. R. 9680, during the House recess (until midnight June 26). It is expected that the bill will be reported today. (pp. 8435, D733.)
11. FOREIGN AID. The Foreign Affairs Committee ordered reported (but did not actually report) H. R. 9678, the Mutual Security Act of 1954. The Committee was given permission to have until midnight tonight, June 25, to file its report and the Rules Committee granted a rule providing for general debate on, and waiving points of order against, this bill. (pp. D734-5)
12. DEFENSE APPROPRIATION BILL, 1955. Agreed to the conference report on this bill, H. R. 8873 (pp. 8430-1). The Senate has not yet acted upon the report.
13. HOUSING LOANS. Passed without amendment S. J. Res. 167, to continue various housing laws for July 1954 pending enactment of the regular housing bill (p. 8435). This measure authorizes \$8,500,000 additional for loans under the farm housing program administered by this Department, plus additional amounts for contribution under the program. This bill will now be sent to the President.

PUBLIC BUILDINGS PURCHASE CONTRACT ACT OF 1954
AND POST OFFICE DEPARTMENT PROPERTY ACT OF
1954

JUNE 24, 1954.—Ordered to be printed

Mr. DONDERO, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H. R. 6342]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 6, 7, 8, 9, 10, 11, 13, 14, 16, 18, 20, 21, 22, 23, 24, 25, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *Every purchase contract entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual*

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *which do not bind the government for periods exceeding thirty years for each such lease agreement; and the Senate agree to the same.*

GEORGE A. DONDERO,
HOMER D. ANGELL,
J. HARRY MCGREGOR,
GEORGE H. FALLON,
JAMES W. TRIMBLE,

Managers on the Part of the House.

EDWARD MARTIN,
FRANCIS CASE,
THOMAS H. KUCHEL,
DENNIS CHAVEZ,
SPESSARD L. HOLLAND,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two houses on the amendments of the Senate to the bill (H. R. 6342), an act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The bill, as amended, would provide for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and for term-lease agreements for the accommodation of activities of the Federal Government. This legislation would make possible the construction of post offices and other Federal buildings for which there has been an urgent need for some years past. The conferees were in agreement that any intermediate method which has for its purpose the construction of Federal buildings and which will reduce the use of the most costly straight leasing method will result in substantial overall savings to the Federal Government. The conferees were confident that the lease-purchase contract method would provide such overall savings and should be adopted as a supplementary means of meeting the most urgent permanent space requirements to be used when the direct-construction method is not possible of attainment due to budgetary conditions.

The bill (H. R. 6342) as it passed the House contained provisions which constituted broad delegation of legislative authority to the executive department with respect to obtaining buildings for activities of the Federal Government.

The Senate amendments provided certain restraints upon this broad delegation of authority and likewise provided further amendments of a restrictive nature. The bill with the Senate amendments fulfilled its original objective of providing a supplemental method of obtaining Federal building space but only under certain specified criteria and with adequate safeguards to preserve the legislative responsibilities with respect to authorizations for Federal buildings.

Two amendments, each being similar in character, one being in title I and the other in title II presented the most concern to the conferees. These are the amendments dealing with prior approval of the Committees on Public Works before any lease-purchase project can proceed. Certain questions concerning the constitutionality of these amendments were raised by the executive departments. Although the Senate conferees were not convinced of the validity of those questions, they have agreed to alternative language which it is understood will remove the constitutional objections of the executive departments and which still retains the same degree of legislative responsibility as in

the Senate amendments. This is accomplished by prohibiting the appropriation of funds for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works. The original Senate language prohibited the execution of any lease-purchase agreement unless the Administrator of General Services or Postmaster General has come into agreement with the Committees on Public Works. Under the new conference language, committee approval must be obtained before the necessary funds can be appropriated. If an appropriation should be proposed without committee approval, such appropriation would be subject to a point of order. Although the conferees feel that such a proposal would not be made, it is their intent and understanding that a point of order can be made and sustained against appropriations for projects lacking committee approval.

With respect to the use of funds for the purposes of this act during the fiscal year 1955, it is the understanding of the conferees that the General Services Administrator and the Postmaster General may use rental funds already appropriated for the fiscal year 1955 within the limits of the amounts specified in this act for lease-purchase agreements, and that before doing so they will obtain committee approval in the same manner as they must do before securing appropriations for that purpose for subsequent fiscal years.

The conferees also have agreed to place a 3-year limitation upon the time during which lease-purchase projects may be approved.

The following is an explanation of each of the Senate amendments, some of which cover minor amendments:

Amendment No. 1, provides that every purchase contract entered into by the Administrator of General Services shall provide for equal annual payments for the amortization of principal and interest but the same cannot exceed a specific limitation to be provided in the annual appropriation acts. Because appropriations have already been passed for the fiscal year 1955, this amendment sets a specific limitation for that fiscal year. The Senate by its amendment had set that limitation at an amount not to exceed \$4 million and the House prevailed upon them to make the amount \$5 million. Similar language to that contained in this amendment is likewise found in title II with respect to the Postmaster General and in that section the limitation on the appropriation for the fiscal year 1955 is set at \$3 million. The reason for the greater amount being allowed to the Administrator of General Services is that in practical application the Administrator will construct buildings which will be occupied by the Post Office Department as well as by other agencies of the Federal Government and is also authorized, upon request of the Postmaster General, to construct buildings for post office purposes. Normally the practice is when a building is to be used predominantly by the Post Office Department, then the Postmaster General has jurisdiction, and when such structures are to be used predominantly by agencies of the Government other than the Post Office Department, even though some space may be occupied by the post office, then the jurisdiction is that of the Administrator of General Services.

The amounts allowed for the fiscal year 1955 were considered reasonable by the respective authorities involved, it being understood in subsequent fiscal years the annual appropriations will be set in the appropriation acts. House conferees recede.

Amendment No. 2, constitutes a change in drafting only as the substance of this amendment is incorporated in the new language for amendment numbered 5. In amendment No. 2 it was required that the purchase contracts have the approval of the Director of the Bureau of the Budget and that the execution of such contracts be necessary and in conformity with the policy of the President. This language has now been eliminated by the Senate receding from its amendment No. 2 and the language stated has been provided for in amendment No. 5. Senate conferees recede.

Amendment No. 3, sets up standards for the cost evaluation of the property involved in any purchase contract. It is understood that the item "cost of improvements" is intended to mean the fair value to the Government of improvements to be constructed (but not to exceed the total expenditures reasonably incurred by the contractor in connection with the provision of such improvements together with a reasonable profit thereon). House conferees recede.

Amendment No. 4, eliminates the language of the House permitting an exemption for purchase contracts calling for an expenditure of not more than \$50,000 per annum. The language developed in Senate amendment No. 5 permits no exemptions. The House conferees recede.

Amendment No. 5, dealing with the General Services Administration, together with its counterpart, amendment No. 15, in title II dealing with the Post Office Department, originally required that no lease-purchase agreement could be executed unless the appropriate executive department comes into agreement with the Committees on Public Works with respect to each proposed project. For the purpose of obtaining such agreement, it required the submission of certain itemized data describing and justifying the project. The conferees have agreed to new language which accomplishes the same purpose as the original Senate amendment and which is understood to satisfy the previous constitutional objections of the executive department. The pertinent part of the new language reads as follows: "No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within 3 years after the date of enactment of this act." The new language retains the requirement for submission of itemized data for consideration by the committees. The substance of amendment No. 2 requiring approval of the Bureau of the Budget is incorporated in the new language.

It is understood that the approval procedures provided for in this language will also be observed for any projects proposed in the fiscal year 1955 and that funds appropriated for that year may be used for projects approved in that manner within the limits of the amounts specified in this act.

The original House language required merely the submission of reports 30 days prior to the effective dates of the purchase contracts to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees. The Senate considered that the use of such language was too broad a delegation of authority which could be abused and lead to an uncontrolled building program beyond the purposes of the Congress. The Senate by roll call vote of 60 to 8 voted against the original House language.

The conferees agreed that this was a new type of authorization which has many experimental aspects and therefore felt that Congress should put adequate restraints upon this delegation of authority. The conferees believe that the language now agreed to provides adequate safeguards. The conferees also agreed to language which would limit the approval of such contracts for a period of 3 years with an opportunity to review the effectiveness of the program prior to that time and if found satisfactory extension of the program could then be considered by the Congress. House conferees recede.

Amendments No. 6, No. 7, and No. 25, provide for a change of date from 1953 to 1954. House conferees recede.

Amendments No. 8, No. 9, and No. 10, are considered jointly for they deal with the same subject matter. The Senate felt that certain provisions of the bill were so broad in scope that it would be possible for the Postmaster General to enter into lease-purchase agreements under which any or all of the more than 3,100 Government-owned post-office buildings now in use could be demolished and replaced with new buildings. As it was agreed that the Postmaster General did not seek nor desire such unlimited authority, the conferees have recommended amendments in section 202 which would make clear that this authority cannot be applied to any Government-owned property acquired prior to this act on which a building has been constructed and is now in use for postal purposes. House conferees recede.

Amendment No. 11, changes subsection (d) to (e). House conferees recede.

Amendment No. 12, constitutes a change in drafting only and in substance is incorporated in the new language for amendment No. 15. It will affect the Postmaster General in the same fashion as the Administrator of General Services is affected in the explanation set forth with respect to amendment No. 2. Senate conferees recede.

Amendment No. 13, affects the Postmaster General in the same manner provided in the statement contained herein with respect to amendment No. 3 which affects the Administrator of General Services. House conferees recede.

Amendment No. 14, changes subsection (e) to (f). House conferees recede.

Amendment No. 15, is almost identical in substance with the statement made herein with respect to amendment No. 5. The House did not provide for any report referrals or approval by the committees with respect to Post Office lease-purchase agreements. The conferees agreed that the delegation of this authority was likewise too broad, therefore, to be consistent provided for the same safeguards with respect to the Postmaster General as were provided for the Administrator of General Services as explained in the statement regarding amendment No. 5. In similar fashion the approval of lease-purchase contracts executed by the Postmaster General was limited for a period of 3 years. House conferees recede.

Amendment No. 16, provides that any interest in real property acquired thereunder by the Postmaster General shall be subject to State and local taxes until title passes to the Government of the United States. The House had provided such a provision with respect to property acquired by the Administrator of General Services and the conferees agreed that a similar provision should be contained with

respect to properties acquired by the Postmaster General. House conferees recede.

Amendment No. 17 is similar in most of all its aspects to the statement made with respect to amendment No. 1 except that the limitation for the fiscal year 1955 appropriation to the Post Office Department is set at \$3 million. The Senate had set that limitation at \$1 million and the House conferees prevailed upon them to make the amount \$3 million. In subsequent fiscal years the annual appropriations will be set in the appropriation acts. House conferees recede.

Amendments No. 18 and No. 20 are considered jointly for they deal with the same subject matter and provide safeguards to make certain that the post-office sites acquired pursuant to section 101 of the Public Buildings Act of 1949, as well as the existing Government-owned post offices now in use for postal purposes cannot be disposed of for the purposes of making lease agreements. The bill as it passed the House did not contain such a provision. House conferees recede.

Amendment No. 19 sets a limit of 30 years on the length of the lease periods which could be executed under this act. The bill as it passed the House contained no such limitation. It was felt that if any longer term is contemplated, a lease-purchase contract under the provisions of section 202 would be preferable to straight leasing. House conferees recede.

Amendment No. 21, designates a new subsection as (a). House conferees recede.

Amendment No. 22, provides that the amounts received by the Government from sales, leases or other disposals of property acquired will be receipts obtained under authority of title II of this act. House conferees recede.

Amendments No. 23 and No. 24, are considered jointly for they deal with the same subject matter. The conferees have agreed to amend section 205 of the act so that when any funds received from the sale, lease or disposal of property under the provisions of title II are available to be credited to current Post Office Department appropriations, any excess of the amount to be credited over the amount paid for the property shall be covered into the Treasury as miscellaneous receipts. Also, if any property acquired pursuant to the Public Building Acts of 1926 and 1949 should be transferred to the Postmaster General and subsequently sold or disposed of, any amounts received from such disposal shall be covered into the Treasury as miscellaneous receipts. House conferees recede.

GEORGE A. DONDERO,
HOMER D. ANGELL,
J. HARRY MCGREGOR,
GEORGE H. FALLON,
JAMES W. TRIMBLE,

Managers on the Part of the House.



Thus it follows that Senator AIKEN's criticism of NRECA's method of calculations is unfounded. As in prior years, NRECA's analyses of the stated loan fund needs of the rural electric systems were conservative and sound.

2. REPLY TO THE CHARGE THAT NRECA SUPPORTED ADDITIONAL FUNDS FOR POLITICAL PURPOSES

Senator AIKEN then charged that since, in his opinion, the extra funds were not needed, the motive for the NRECA request, and particularly that of its executive manager, was political and designed to help reelect certain Democratic candidates to the Senate.

Nothing could be further from the truth. NRECA, through its legislative committee and its executive manager, appeared many times before committees of the Congress during both Democratic and Republican administrations seeking increase in loan fund authorizations above the administration's budget request. No such charge was ever made before.

NRECA's legislative committee, not its executive manager, determines from the annual survey the amount of new loan funds to request of the Congress. The executive manager has no choice but to support the amount requested or any part of it that it seems possible to get.

NRECA's legislative committee is composed of able rural electric leaders, well versed in the program's needs. And while the committee is no doubt composed of both Democrats and Republicans, I have never heard one of them mention the program in that connection.

Senator AIKEN makes much of a telegram that was sent by the executive manager on June 1 to the rural electric statewide managers and generation and transmission co-ops urging their support of an amendment to increase the rural electric loan funds by \$35 million over the House-approved figure of \$135 million. He inserted the telegram in the CONGRESSIONAL RECORD. It reads as follows:

"REA funds taken up today in Senate debate. Senators DOUGLAS, HUMPHREY, GILLETTE offered amendment to increase electric loan fund authorization by \$35 million additional. This increase essential to generation and transmission program. All proponents of an increase in REA funds have finally agreed to support this amendment. Rollcall vote on amendment will be held at noon Wednesday, June 2. Imperative you wire your Senators immediately to support this amendment to increase REA electric loan funds by \$35 million and that you contact managers and others in your State to also wire your Senators.

"CLYDE T. ELLIS,
"Executive Manager, National Rural
Electric Cooperative Association."

But Senator AIKEN stated that this telegram was sent at 1 p. m. on that date, which would have been over 2 hours before the Douglas-Humphrey-Gillette amendment was introduced. This was not the case. On the contrary, this telegram was not sent until 8:21 p. m. Eastern Standard Time (9:21 p. m., Washington time) that night, some 6 hours after the Douglas-Humphrey-Gillette amendment was introduced that afternoon. This is verified by Western Union's records and by a telegram in our hands from Western Union to that effect.

Note that the telegram quoted above is in the past tense.

Note also that the telegram requested support of an amendment for \$35 million which would bring the total amount of new REA electric-loan funds for next fiscal year up to only \$170 million, still \$41 million short of NRECA's request. It was decided to sup-

port this \$35 million amendment only when it appeared that no amendment providing for a larger amount would be offered.

Further corroborating this fact is the telegram which the executive manager sent Senator AIKEN and all other Senators at 1 p. m. that day asking him and them to support NRECA's full request; not the smaller amount of \$35 million. And at 1:30 p. m., that same day of June 1, the executive manager wired the statewide managers and others urging them to contact their Senators in support of NRECA's full request to the Congress, not the \$35 million amendment.

I repeat that it was only after the end of that day's congressional debates and only after it appeared that no other amendment would be offered that the executive manager sent our the telegram to the rural electric statewide organizations and others asking their support of an amendment which had been introduced by Senators DOUGLAS, HUMPHREY, and GILLETTE. What else could the executive manager have done? Could he have failed to support that amendment because it was offered by three Democratic Senators who will be candidates for reelection? Would Senator AIKEN argue that it was wrong for three Republican Senators who are up for reelection to vote for the amendment as they did? A majority of the United States Senators evidently thought the amendment was good. They voted for it and it passed.

Senator AIKEN also alleged that NRECA had not told the rural electric systems "the whole story"; that it had not kept them advised as to the loan-fund needs.

On the contrary, NRECA has kept the directors and managers of the rural electric systems, approximately 11,000 of them, well and fully advised at all stages as to their total loan-fund needs as same appeared from analyses of the annual survey questionnaires and from the legislative committee determinations. This has been done through several memorandums to the rural electric system directors and managers and through articles published in their own Rural Electrification magazine. Rural Electrification magazine is sent regularly also to all Members of Congress, including Senator AIKEN. Several of these articles appeared in the magazine as follows: February 1954 issue, page 15; March 1954 issue, page 3; May 1954 issue, pages 3, 11, and 26; June 1954 issue, page 32.

Furthermore, the 25 State papers of the rural electric systems, with a total consumer-member circulation of nearly 2 million farm families, have done an excellent job of keeping their individual members advised, and so also have the rest of the systems through their own newsletters and other communications with their consumer-members.

NRECA is strictly nonpartisan. Its Board of Directors and staff are Republicans, Democrats and Independents. So are the 11,000 directors and managers of its member systems. So also are the 4 million farm families receiving rural electric system service. But as far as I know, none of them ever thinks of the program in terms of partisan politics. They do think of it in terms of who is "fer and who is agin em." And anyone who will visit some of the nearly 1,000 annual membership meetings that will be held throughout the land this summer and attended by some two million people will have no doubt about it.

As one final thought, I would ask the question: Which would be more helpful politically to the administration in power—for Congress to approve adequate electric loan funds for the farmers or inadequate funds?

CLYDE T. ELLIS.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY LEASE-PURCHASE CONTRACTS—CONFERENCE REPORT

Mr. MARTIN. Mr. President, I submit a report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post office purposes; and for other purposes, together with a statement of the managers on the part of the Senate. I ask unanimous consent that the report and accompanying statement of the managers on the part of the Senate be printed in full in the RECORD, so that Members of the Senate may be acquainted with what the report contains.

The PRESIDING OFFICER. The report will be received, and will lie on the table; and, without objection, the report and statement will be printed in the RECORD.

The report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 6, 7, 8, 9, 10, 11, 13, 14, 16, 18, 20, 21, 22, 23, 24, 25, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Every purchase contract entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$5,000,000 is hereby established for such purpose."

And the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the follow-

ing: "such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within 3 years after the date of enactment of this Act. For the purpose of securing consideration of said approval the Administrator shall transmit to each such committee a prospectus of the proposed project, including (but not limited to) —

"(1) a brief description of the building located or to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Administrator of the General Services Administration that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(g) No proposed lease-purchase agreement shall be executed under this section unless such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within three years after the date of enactment of this Act. For the purpose of securing consideration of said approval the Postmaster General shall transmit to each such Committee a prospectus of the proposed project, including (but not limited to) —

"(1) a brief description of the building located or to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Postmaster Gen-

eral that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President."

And the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(i) Every lease-purchase agreement entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Postmaster General shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease-purchase agreements entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$3,000,000 is hereby established for such purpose."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "which do not bind the government for periods exceeding thirty years for each such lease agreement."; and the Senate agree to the same.

EDWARD MARTIN,
FRANCIS CASE,
THOMAS H. KUCHEL,
DENNIS CHAVEZ,
SPESSARD L. HOLLAND,

Managers on the Part of the Senate.

GEORGE A. DONDERO,
HOMER D. ANGELL,
J. HARRY MCGREGOR,
GEORGE H. FALLON,
JAMES W. TRIMBLE,

Managers on the Part of the House.

STATEMENT OF THE MANAGERS ON THE PART OF THE SENATE TO ACCOMPANY REPORT OF SENATE CONFEREES ON H. R. 6342

The purpose of this bill (H. R. 6342) is to provide for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and for term-lease agreements for the accommodation of the activities of the Federal Government. It provides a supplemental method of securing building space which would be used only in accordance with specified conditions and criteria.

When this bill was passed by the House of Representatives it contained provisions which constituted a broad delegation of legislative authority to the Executive De-

partment with respect to obtaining buildings for activities of the Federal Government.

After considering those provisions, the Committee on Public Works recommended certain restraints upon this broad delegation of authority. The Senate accepted these restraints and added further amendments of a restrictive nature. As passed by the Senate, the bill fulfilled its original objective of providing a supplemental method of obtaining Federal building space but only under certain specified criteria and with adequate safeguards to preserve the legislative responsibilities with respect to authorizations for Federal buildings.

Under the agreement recommended by the conferees, the substance of all of the Senate amendments is retained in the Act. Many of the Senate amendments are agreed to in their entirety. Other Senate amendments are modified for purposes of clarification.

Two similar amendments, one each in Title I and Title II, presented the most concern to the conferees. These are the amendments dealing with prior approval of the Committees on Public Works before any lease-purchase project can proceed. Certain questions concerning the constitutionality of these amendments were raised by the Executive Departments. Although the Senate conferees are not convinced of the validity of those questions, they have agreed to alternative language which it is understood will remove the constitutional objections of the Executive Departments and which still retains the same degree of legislative responsibility as in the Senate amendments. This is accomplished by prohibiting the appropriation of funds for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works. The original Senate language prohibited the execution of any lease-purchase agreement unless the Administrator or Postmaster General has come into agreement with the Committees on Public Works. Under the new conference language, Committee approval must be obtained before the necessary funds can be appropriated. If an appropriation should be proposed without Committee approval, such appropriation would be subject to a point of order. Although the conferees feel that such a proposal would not be made, it is their intent and understanding that a point of order can be made and sustained against appropriations for projects lacking Committee approval.

With respect to the use of funds for the purposes of this Act during the fiscal year 1955, it is the understanding of the conferees that the General Services Administrator and the Postmaster General may use rental funds already appropriated for the fiscal year 1955 within the limits of the amounts specified in this Act for lease-purchase agreements, and that before doing so they will obtain Committee approval in the same manner as they must do before securing appropriations for that purpose for subsequent fiscal years.

The conferees also have agreed to place a three-year limitation upon the time during which lease-purchase projects may be approved.

The following is an explanation of the action of the conferees on each Senate amendment:

The House recedes and agrees to the following Senate amendments: 3, 4, 6, 7, 9, 10, 11, 13, 14, 16, 18, 20, 21, 22, 23, 24, and 25.

The Senate recedes from its amendments numbered 2 and 12. The substance of these amendments is incorporated in the new language for amendments numbered 5 and 15. This constitutes a change in drafting only.

Amendment No. 1: The Senate language is retained with a modification to make it clear that the requirement for equal annual payments applies to amortization of principal with interest thereon and does not in-

clude variable items such as tax payments. At the insistence of the House, the Senate also agrees to increase the limitation on expenditures during the fiscal year 1955 from \$4,000,000 to \$5,000,000. The House had no such limitation.

Amendment No. 17: This is the same as amendment No. 1 except that it applies to the Post Office Department. The Senate language is retained with the clarifying change explained above. The limitation on the 1955 expenditures is increased from \$1,000,000 to \$3,000,000 at the insistence of the House. The House had no such limitation.

Amendment No. 5: This amendment, together with its counterpart, Amendment No. 15, in Title II dealing with the Post Office Department, originally required that no lease-purchase agreement could be executed unless the appropriate executive department comes into agreement with the Committees on Public Works with respect to each proposed project. For the purpose of obtaining such agreement, it required the submission of certain itemized data describing and justifying the project. The conferees agree to new language which accomplishes the same purpose as the original Senate amendment and which is understood to satisfy the previous constitutional objections of the Executive Department. The pertinent part of the new language reads as follows: "No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within three years after the date of enactment of this Act." The new language retains the requirement for submission of itemized data for consideration by the Committees. The substance of Amendment No. 2 requiring approval of the Bureau of the Budget is incorporated in the new language.

It is understood that the approval procedures provided for in this language will also be observed for any projects proposed in the fiscal year 1955 and that funds appropriated for that year may be used for projects approved in that manner within the limits of the amounts specified in this Act.

Amendment No. 15: This is modified in exactly the same way as Amendment No. 5 as explained above.

Amendment No. 19: The substance of this amendment is retained with clarifying language which has the effect of permitting options beyond the 30-year period only if they are not binding upon the government.

EDWARD MARTIN,
FRANCIS CASE,
THOMAS H. KUCHEL,
DENNIS CHAVEZ,
SPESSARD L. HOLLAND,

Managers on the Part of the Senate.

THE BUREAU OF INTERNAL REVENUE—DELINQUENT TAX ACCOUNTS IN THE THIRD COLLECTION DISTRICT OF NEW YORK

Mr. WILLIAMS. Mr. President, we all remember the scandalous situation which existed in the Treasury Department in 1951. At this time I wish to review briefly the conditions which existed in the third collection district in New York.

At the time of the exposure of the scandals in that area, and at my request, the Commissioner of Internal Revenue furnished certain information which established the fact that as of January 1, 1951, there were 630 delinquent tax accounts in excess of \$25,000 in the third collection district in New York alone, totaling about \$130 million.

Last year, under date of February 19, 1953, I directed a letter to Hon. T. Coleman Andrews, Commissioner of Internal Revenue asking for a review of the success which they had had in the collection of some of these items.

I received a reply from Mr. Andrews, in which he outlined in detail a report on 180 of the 630 cases. The report shows that out of the 180 cases, involving a little more than \$44½ million, there has been collected \$1,600,000, or about 4 percent. Many cases have been compromised for inability to pay, others bankrupt, and others still delinquent.

All of this list represents cases which as of January 1, 1951, had been reported as outstanding. Many had not even been billed for their delinquency at the time the investigation was started.

The loose management and careless conditions in that office are indescribable.

At this point I ask unanimous consent to have printed in the RECORD the text of my letter to Mr. Andrews, dated February 19, 1954, and his reply thereto, dated April 14, 1954, together with the report outlining the 180 cases.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

FEBRUARY 19, 1954.

Mr. T. COLEMAN ANDREWS,
Commissioner of Internal Revenue,
Department of the Treasury,
Washington, D. C.

DEAR Mr. ANDREWS: Following the removal of Collector Johnson from the third collec-

tion district in New York, the Treasury Department, upon my request, furnished an inventory comprising approximately 630 delinquent tax accounts in excess of \$25,000 each and totaling around \$130 million.

How many of these accounts were settled without payment (or abated), and how much money was involved in the mark-off in this particular office during the past 2 years?

Yours sincerely,

JOHN J. WILLIAMS.

UNITED STATES TREASURY DEPARTMENT,
Washington, April 14, 1954.
Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: On March 25, 1954, Assistant Commissioner Winkle informed you that we were taking steps to bring up to date the information which you had requested in connection with a list of accounts in excess of \$25,000 outstanding on the books of our upper Manhattan district office as of January 1, 1951. This letter followed a visit which Mr. Winkle made to your office to explain to you the reasons for the unfortunate delay that has been involved in answering your original request for information concerning these accounts.

As I understand your letter you wish to be furnished with the names of the taxpayers against whom these accounts were outstanding as of January 1, 1951, together with information in each case which will show whether the account is still outstanding or whether it has been abated and, if abated, the reasons for the abatement.

The attached list sets forth all information which we believe can be furnished you within the limitations contained in section 55 of the Internal Revenue Code. It contains the names of 180 taxpayers and includes not only those whose accounts were written off because of acceptance of offers in compromise, but others which, because of some action on the part of the Government or the taxpayers, are also of public record. In each such case we have attempted to furnish as complete a record as possible, and, to this end, the list shows the amounts in the accounts at the time they became of public record and the status changes occurring thereafter.

We regret that we are unable to give you detailed information with respect to the remaining 445 taxpayers, or to the accounts of the above-mentioned taxpayers which are not of public record, because we are of the opinion that to do so would be in violation of section 55 of the Internal Revenue Code.

I trust that this information is responsive to your request.

Very truly yours,

O. GORDON DELK,
Acting Commissioner.

Taxpayer	Balance due of public record	Balance due, Dec. 31, 1953	Remarks
Acme Summit Mills, Inc., 245 5th Ave., New York City.....	\$417,433.00	0	Offer of \$240,000, based on inability to pay, accepted in compromise of tax balance of \$417,433. Upon payment of offer, tax balance was abated.
Percy Adamson, 1230 6th Ave., New York City.....	178,494.38	0	Offer of \$63,000, based on inability to pay, accepted in compromise of \$178,494.38 and certain other accounts not included in the original list of accounts here involved. Upon payment of offer, tax balance was abated.
Harry Bernholtz, 1840 77th St., Brooklyn, N. Y.....	40,851.94	\$40,851.94	Offer of \$15,000, based on inability to pay and doubt as to liability, accepted in compromise of balance of \$40,851.94 which has not as yet been abated.
William H. and Blanche Blath, 150-11 7th Ave., Whitestone, N. Y....	25,892.62	0	Offer of \$3,500 accepted in compromise of balance of \$25,892.62. Upon payment of offer, tax balance was abated.
William F. Carey, 405 Lexington Ave., New York City.....	128,925.69	128,925.69	Offer of \$50,000 based on inability to pay, accepted in compromise of tax balance of \$128,925.69, which has not as yet been abated.
Jerome Chaims, 302 West 12th St., New York City.....	79,087.04	0	Offer of \$5,000 accepted in compromise of the balance of \$79,087.04. Upon payment of offer, tax balance was abated.
Fan and Bill's, Inc., 19 West 44th St., New York City.....	123,250.08	0	Offer of \$31,742.20, based on inability to pay and its doubt as to liability, accepted in compromise of balance of \$123,250.08. Upon payment of offer, tax balance was abated.
Glassoloid, Inc., 511 East 72d St., New York City.....	67,490.36	0	Offer of \$20,325.52, based on inability to pay and doubt as to liability, accepted in compromise of balance of \$67,490.36. Upon payment of offer, tax balance was abated.

Taxpayer	Balance due of public record	Balance due, Dec. 31, 1953	Remarks
Edith G. Goldwasser, 465 West End Ave., New York City.....	\$193,322.01	0	Offer of \$125,000, based on inability to pay, accepted in compromise of balance of \$193,322.01. Upon payment of offer, tax balance was abated.
Janaug, Inc., 430 Lexington Ave., New York City.....	131,478.27	0	Offer of \$37,000, based on inability to pay, accepted in compromise of balance of \$131,478.27. Upon payment of offer, tax balance was abated.
Harry Jonas, 2 East 88th St., New York City.....	25,587.28	0	Offer of \$13,689.20 accepted in compromise of balance of \$25,587.28. Upon payment of offer tax balance was abated.
Estate of Joseph Jonas, 130 East 75th St., New York City.....	25,521.68	0	Offer of \$13,654.10 accepted in compromise of balance of \$25,521.68. Upon payment of offer, tax balance was abated.
J. Edward and Hilda Jones, 100 Morris Lane, Scarsdale, N. Y.....	142,723.38	\$142,723.38	Offer of \$50,000 accepted in compromise of balance of \$142,723.38 which has not as yet been abated.
Julius Kaplan, 138 West 21st St., New York City.....	32,199.36	32,199.36	Offer of \$7,000, based on inability to pay, and doubt as to liability, accepted in compromise of \$32,199.36 which has not yet been abated.
Mark D. and Beatrice Left, Miami Beach, Fla.....	49,894.90	0	Offer of \$26,000 accepted in compromise of balance of \$49,894.90. Upon payment of offer, tax balance was abated.
Marlu Maipi (formerly Elsei Lippman), 530 5th Ave., New York City.....	53,864.35	0	Offer of \$10,239.56, based on inability to pay, accepted in compromise of \$53,864.35. Upon payment of offer, tax balance was abated.
James A. Moffet, 4 East 72d St., New York City.....	159,686.96	159,686.96	Offer of \$20,000, based on inability to pay, accepted in compromise of balance of \$159,686.96, which has not as yet been abated.
George D. Murphy, 104 Cleveland Ave., Rockville Centre, Long Island, N. Y.....	134,386.73	0	Offer of \$7,500, based on inability to pay, accepted in compromise of balance of \$134,386.73. Upon payment of offer, tax balance was abated.
David Spector, 2157 Wallace Ave., Bronx, N. Y.....	30,209.87	30,209.87	Offer of \$1,000, based on inability to pay, accepted in compromise of balance of \$30,209.87, which has not as yet been abated.
Nathan I. Tall, 2825 Claflin Ave., Bronx, N. Y.....	37,898.81	0	Offer of \$3,500, based on inability to pay, accepted in compromise of balance of \$37,898.81. Upon payment of offer, tax balance was abated.
Alfred Wynsbenk, Jr., 139 East 35th St., New York City.....	29,982.69	0	Offer of \$1,500, based on inability to pay, accepted in compromise of balance of \$29,982.69. Upon payment of offer, tax balance was abated.
Air Cargo Transport Corp., Ninth Precinct Bldg., Newark Airport, Newark, N. J.....	49,783.13	23,456.81	Taxpayer was adjudicated bankrupt. Proofs of claim filed. Payment of \$3,432.48 received. \$2,241.54 written off upon acceptance and payment of compromise offer of \$225. \$19,437.88 transferred to Newark District for collection.
Bremer Tool Corp., 211 Spring St., Staten Island, N. Y.....	42,035.62	42,035.62	Taxpayer adjudicated bankrupt on May 16, 1946. Proofs of claim filed. Payment of \$1,519.36 received.
Broadway and 50th Enterprises, Inc., care of Harry V. Chafan, trustee, 53 Park Pl., New York City.....	223,605.91	223,605.91	Taxpayer adjudicated bankrupt as a result of petition filed on May 19, 1947. Proof of claim filed. Payment of \$4,398.41 received June 26, 1950.
P. B. Clark, Inc., 122 West 30th St., New York City.....	44,925.41	36,732.36	Taxpayer adjudicated bankrupt as a result of petition filed June 12, 1950. Proof of claim filed. Payment of \$6,416.29 received. \$1,776.73 transferred to 1st Pennsylvania District for collection.
Commonwealth Aircraft, Inc., 521 5th Ave., New York City.....	430,902.55	430,902.55	Taxpayer adjudicated bankrupt on Mar. 17, 1949. Proof of claim filed. Payment of \$8,981.77 received.
Corset & Brassiere Trade Center, Inc., 255 5th Ave., New York City.....	508,826.20	490,187.12	Taxpayer was adjudicated bankrupt as a result of petition filed on Feb. 8, 1949. Amended proof of claim filed. Payment of \$19,173.17 received on Nov. 15, 1951.
F. B. Operating Corp., doing business as Folies Bergere, 26 West 47th St., New York City.....	28,880.53	28,880.53	Taxpayer adjudicated bankrupt. Proofs of claim filed.
Fontaine Products Corp., 306 East 61st St., New York City.....	102,984.10	102,984.10	Taxpayer adjudicated bankrupt as a result of petition filed on Feb. 14, 1947. Amended proofs of claim filed.
The 400 Restaurant, 521 5th Ave., New York City.....	396,167.55	396,167.55	Proofs of claim filed. Taxpayer adjudicated bankrupt on Oct. 7, 1947.
William Giglio, also known as Emanuel J. Giglio, care of Louis J. Roth, 166 West 32d St., New York City.....	289,689.33	0	Taxpayer adjudicated bankrupt on Apr. 26, 1950. Proof of claim filed. No payment received. \$289,689.33 transferred to Newark district for collection.
Norbert S. Glasschick, care of Louis H. Saper, trustee in bankruptcy, 19 Rector St., New York City.....	32,885.04	32,885.04	Proof of claim filed Aug. 30, 1950. Trustee made final accounting on June 9, 1952, which was approved. No payment received. Taxpayer died on June 21, 1952.
King Novelty Co., Inc., 30 West 36th St., New York City.....	26,055.44	25,353.46	Taxpayer executed assignment for benefit of creditors. Proof of claim and amended proof filed. Payment of \$701.98 received.
Kreidman Bros., Inc., care of Alexander T. McLeod, trustee in bankruptcy, American Fur Merchants Association, Inc., 393 7th Ave., New York City.....	194,309.33	194,309.33	Taxpayer was adjudicated bankrupt on Dec. 29, 1948. Proofs of claim filed. No payment received.
Anthony C. LaRocca, Inc., Leonard Weintraub, assignee for benefit of creditors, 551 5th Ave., New York City.....	388,061.83	386,549.62	Taxpayer executed assignment for benefit of creditors on Oct. 12, 1950. Proof of claim filed. Payments of \$1,474.02 and \$38.19 received.
Nicholas & Co., importers, 420 Lexington Ave., New York City.....	55,175.07	55,175.07	Taxpayer made assignment for benefit of creditors on July 13, 1949. Proof of claim filed. Payment of \$3,422.80 received.
Ovington's Gift Shop, 437 5th Ave., New York City.....	170,634.25	156,886.24	Taxpayer discharged in bankruptcy pursuant to ch. X, Bankruptcy Act. Proof of claim filed. Payment of \$13,748.01 received.
Press Wireless, Inc., 1475 Broadway, New York City.....	69,145.34	21,145.13	Taxpayer filed petition for arrangement under ch. XI, Bankruptcy Act. Amended proofs of claim filed. Payment of \$51,229.35 received.
Pressurelube, Inc., 609 West 134th St., New York City.....	6,269,486.59	6,269,486.59	Taxpayer adjudicated bankrupt as a result of petition filed on Jan. 31, 1947. Proofs of claim filed. No distribution.
Radio Navigational Instrument Corp., 305 East 63d St., New York City.....	118,236.79	118,236.79	Taxpayer filed petition for arrangement under ch. XI Bankruptcy Act. Proofs of claim filed with referee in bankruptcy.
Rubel Jewelry Manufacturing Co., 666 5th Ave., New York City.....	173,566.87	152,849.18	Taxpayer executed assignment for benefit of creditors. Proofs of claim filed. Payment of \$20,717.69 received.
Estate of Eugene Berthiaume, Waldorf Astoria Hotel, Park Ave. and 50th St., New York City.....	275,251.84	275,251.84	Taxpayer died on Aug. 31, 1946. Proof of claim filed on Mar. 16, 1950. No payment received.
Maurice E. Bretzfeld, deceased, care of Dorothy S. Bretzfeld, 35 East 76th St., New York City.....	70,840.08	61,398.19	Taxpayer died on Nov. 24, 1944. Amended proof of claim filed. Payment of \$10,808.70 received.
Ezra S. Brockway, deceased, 14 Birchwood Lane, Great Neck, N. Y.....	213,890.09	206,488.60	Taxpayer died on Nov. 3, 1948. Amended proof of claim filed. Payment of \$7,401.49 received.
Max Jelin, New York City.....	263,311.45	261,325.78	Taxpayer died Jan. 22, 1948. Proof of claim filed. Payment of \$1,985.67 received.
Samuel Lutkoff, deceased, Rose Lutkoff, executrix, 900 West End Ave., New York City.....	47,756.82	47,601.82	Taxpayer died on Jan. 8, 1948. Proof of claim filed. Payment of \$155 received.
Lawrence S. and Julia Morris, care of Samuel Adelman, trustee in bankruptcy, 261 Broadway, New York City.....	25,082.26	25,082.26	Allowable credit of \$927.73 applied to accounts. Proof of claim filed. Taxpayer was adjudicated bankrupt as a result of a petition filed on Feb. 3, 1950. Lawrence S. Morris died on Mar. 5, 1953.
Elias Robinson, 320 West 90th St., New York City.....	37,531.35	37,380.30	Taxpayer died on Feb. 20, 1950. Amended proof of claim filed. Payment of \$150.97 received on Oct. 29, 1952.
Estate of Bernard Turrell, Norman Turrell, administrator, 1364 Noel Ave., Newlitt, N. Y.....	89,609.78	59,161.82	Proof of claim filed. Payment of \$30,457.96 received.
Ah-Ell Restaurant, Inc., 725 7th Ave., New York City.....	32,276.35	32,276.35	Notices of lien filed Feb. 14 and Apr. 1, 1952.
D. H. Ahrend & Co., 325 East 44th St., New York City.....	54,341.54	54,341.54	Notice of lien filed June 16, 1952.
Allen Trucking Co., John J. Allen, Peter Pillon, et al., Grantwood, N. J.....	1,028,871.15	1,028,871.15	Notice of lien filed Nov. 13, 1939.
American Hyalsol Corp., care of Office of Allen Property Custodian, 120 Broadway, New York City.....	345,070.22	0	Notice of lien filed. \$130,418.24 paid. \$214,651.98 transferred to Lower Manhattan District for collection.
Juvenal Angel, doing business as Latin American Institute, 900 Park Ave., New York City.....	35,971.54	35,971.54	Notices of lien filed Nov. 6 and 23, 1953.
Joseph Clark Baldwin, 10 Rockefeller Plaza, New York City.....	41,103.60	41,103.60	Notices of lien filed on Apr. 24, 1951, on all accounts except 194618. Notice filed on latter account Apr. 3, 1951.

House of Representatives

THURSDAY, JUNE 24, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who hast revealed unto us the nobler and better way of life, we rejoice that in many directions we are witnessing signs of spiritual awakening and moral enrichment.

Inspire us with that greater faith which believes that the destiny of man is a destiny of moral and spiritual progress toward that glorious goal when man shall be perfect even as our Father in Heaven is perfect.

Show us how we may mobilize and strengthen all those forces whereby we may achieve a renewal of personal character and a regeneration of human society.

Fill us with a sense of responsibility to bring to fulfillment that majestic promise of a time when the kingdom of righteousness and peace and good will shall be established upon the earth.

May we daily pray and labor earnestly for a wider diffusion of the spirit of our blessed Lord and a wholehearted enthronement of His ideals and principles.

To Thy name we ascribe the glory. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7709. An act to continue until the close of June 30, 1956, the suspension of certain import taxes on copper.

The message also announced that the Senate had passed a bill, joint resolution, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2862. An act to provide relief for the sheep-raising industry by making special nonquota immigrant visas available to certain skilled alien sheepherders;

S. J. Res. 167. Joint resolution to amend the National Housing Act, as amended, and for other purposes; and

S. Con. Res. 80. Concurrent resolution to print additional copies of Senate document 87, Review of the United Nations Charter—A Collection of Documents.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7434) entitled "An act to establish a National Advisory Committee on Education," disagreed to by the House; agrees to the conference

asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7601) entitled "An act to provide for a White House Conference on Education," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 9040) entitled "An act to authorize cooperative research in education," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8367) entitled "An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 13 and 14 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8779) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2844) entitled "An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes."

COMMITTEE ON PUBLIC WORKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the House Committee on Public Works have until mid-

night tonight to file a conference report on the so-called lease-purchase bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PUBLIC BUILDINGS ACT OF 1949

Mr. DONDERO, from the committee of conference, submitted the following conference report and statement on the bill H. R. 6342:

CONFERENCE REPORT (H. REPT. No. 1923)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 12.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 6, 7, 8, 9, 10, 11, 13, 14, 16, 18, 20, 21, 22, 23, 24, 25, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Every purchase contract entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$5,000,000 is hereby established for such purpose."

And the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within three years after the date of enactment

of this Act. For the purpose of securing consideration of said approval the Administrator shall transmit to each such committee a prospectus of the proposed project, including (but not limited to)—

"(1) a brief description of the building located or to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Administrator of the General Services Administration that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(g) No proposed lease-purchase agreement shall be executed under this section unless such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within three years after the date of enactment of this Act. For the purpose of securing consideration of said approval the Postmaster General shall transmit to each such Committee a prospectus of the proposed project, including (but not limited to)—

"(1) a brief description of the building located or to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Postmaster General that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President."

And the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(i) Every lease-purchase agreement entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Postmaster General shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease-purchase agreements entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$3,000,000 is hereby established for such purpose."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "which do not bind the government for periods exceeding thirty years for each such lease agreement."; and the Senate agree to the same.

GEORGE A. DONDERO,
HOMER D. ANGELL,
J. HARRY MCGREGOR,
GEORGE H. FALLON,
JAMES W. TRIMBLE,

Managers on the Part of the House.

EDWARD MARTIN,
FRANCIS CASE,
THOMAS H. KUCHEL,
DENNIS CHAVEZ,
SPESSARD L. HOLLAND.

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342), an act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The bill, as amended, would provide for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and for term-lease agreements for the accommodation of activities of the Federal Government. This legislation would make possible the construction of post offices and other Federal buildings for which there has been an urgent need for some years past. The conferees were in agree-

ment that any intermediate method which has for its purpose the construction of Federal buildings and which will reduce the use of the most costly straight leasing method will result in substantial overall savings to the Federal Government. The conferees were confident that the lease-purchase contract method would provide such overall savings and should be adopted as a supplementary means of meeting the most urgent permanent space requirements to be used when the direct-construction method is not possible of attainment due to budgetary conditions.

The bill (H. R. 6342) as it passed the House contained provisions which constituted broad delegation of legislative authority to the executive department with respect to obtaining buildings for activities of the Federal Government.

The Senate amendments provided certain restraints upon this broad delegation of authority and likewise provided further amendments of a restrictive nature. The bill with the Senate amendments fulfilled its original objective of providing a supplemental method of obtaining Federal building space but only under certain specified criteria and with adequate safeguards to preserve the legislative responsibilities with respect to authorizations for Federal buildings.

Two amendments, each being similar in character, one being in title I and the other in title II presented the most concern to the conferees. These are the amendments dealing with prior approval of the Committees on Public Works before any lease-purchase project can proceed. Certain questions concerning the constitutionality of these amendments were raised by the executive departments. Although the Senate conferees were not convinced of the validity of those questions, they have agreed to alternative language which it is understood will remove the constitutional objections of the executive departments and which still retains the same degree of legislative responsibility as in the Senate amendments. This is accomplished by prohibiting the appropriation of funds for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works. The original Senate language prohibited the execution of any lease-purchase agreement unless the Administrator of General Services or Postmaster General has come into agreement with the Committees on Public Works. Under the new conference language, committee approval must be obtained before the necessary funds can be appropriated. If an appropriation should be proposed without committee approval, such appropriation would be subject to a point of order. Although the conferees feel that such a proposal would not be made, it is their intent and understanding that a point of order can be made and sustained against appropriations for projects lacking committee approval.

With respect to the use of funds for the purposes of this act during the fiscal year 1955, it is the understanding of the conferees that the General Services Administrator and the Postmaster General may use rental funds already appropriated for the fiscal year 1955 within the limits of the amounts specified in this act for lease-purchase agreements, and that before doing so they will obtain committee approval in the same manner as they must do before securing appropriations for that purpose for subsequent fiscal years.

The conferees also have agreed to place a 3-year limitation upon the time during which lease-purchase projects may be approved.

The following is an explanation of each of the Senate amendments, some of which cover minor amendments:

Amendment No. 1, provides that every purchase contract entered into by the Administrator of General Services shall pro-

vide for equal annual payments for the amortization of principal and interest but the same cannot exceed a specific limitation to be provided in the annual appropriation acts. Because appropriations have already been passed for the fiscal year 1955, this amendment sets a specific limitation for that fiscal year. The Senate by its amendment had set that limitation at an amount not to exceed \$4 million and the House prevailed upon them to make the amount \$5 million. Similar language to that contained in this amendment is likewise found in title II with respect to the Postmaster General and in that section the limitation on the appropriation for the fiscal year 1955 is set at \$3 million. The reason for the greater amount being allowed to the Administrator of General Services is that in practical application the Administrator will construct buildings which will be occupied by the Post Office Department as well as by other agencies of the Federal Government and is also authorized, upon request of the Postmaster General, to construct buildings for post office purposes. Normally the practice is when a building is to be used predominantly by the Post Office Department, then the Postmaster General has jurisdiction, and when such structures are to be used predominantly by agencies of the Government other than the Post Office Department, even though some space may be occupied by the post office, then the jurisdiction is that of the Administrator of General Services.

The amounts allowed for the fiscal year 1955 were considered reasonable by the respective authorities involved, it being understood in subsequent fiscal years the annual appropriations will be set in the appropriation acts. House conferees recede.

Amendment No. 2, constitutes a change in drafting only as the substance of this amendment is incorporated in the new language for amendment numbered 5. In amendment No. 2 it was required that the purchase contracts have the approval of the Director of the Bureau of the Budget and that the execution of such contracts be necessary and in conformity with the policy of the President. This language has now been eliminated by the Senate receding from its amendment No. 2 and the language stated has been provided for in amendment No. 5. Senate conferees recede.

Amendment No. 3, sets up standards for the cost evaluation of the property involved in any purchase contract. It is understood that the item "cost of improvements" is intended to mean the fair value to the Government of improvements to be constructed (but not to exceed the total expenditures reasonably incurred by the contractor in connection with the provision of such improvements together with a reasonable profit thereon). House conferees recede.

Amendment No. 4, eliminates the language of the House permitting an exemption for purchase contracts calling for an expenditure of not more than \$50,000 per annum. The language developed in Senate amendment No. 5 permits no exemptions. The House conferees recede.

Amendment No. 5, dealing with the General Services Administration, together with its counterpart, amendment No. 15, in title II dealing with the Post Office Department, originally required that no lease-purchase agreement could be executed unless the appropriate executive department comes into agreement with the Committees on Public Works with respect to each proposed project. For the purpose of obtaining such agreement, it required the submission of certain itemized data describing and justifying the project. The conferees have agreed to new language which accomplishes the same purpose as the original Senate amendment and which is understood to satisfy the previous constitutional objections of the executive department. The pertinent part of the new

language reads as follows: "No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within 3 years after the date of enactment of this act." The new language retains the requirement for submission of itemized data for consideration by the committees. The substance of amendment No. 2 requiring approval of the Bureau of the Budget is incorporated in the new language.

It is understood that the approval procedures provided for in this language will also be observed for any projects proposed in the fiscal year 1950 and that funds appropriated for that year may be used for projects approved in that manner within the limits of the amounts specified in this act.

The original House language required merely the submission of reports 30 days prior to the effective dates of the purchase contracts to the President of the Senate and to the Speaker of the House of Representatives for appropriate reference to committees. The Senate considered that the use of such language was too broad a delegation of authority which could be abused and lead to an uncontrolled building program beyond the purposes of the Congress. The Senate by roll call vote of 60 to 8 voted against the original House language. The conferees agreed that this was a new type of authorization which has many experimental aspects and therefore felt that Congress should put adequate restraints upon this delegation of authority. The conferees believe that the language now agreed to provides adequate safeguards. The conferees also agreed to language which would limit the approval of such contracts for a period of 3 years with an opportunity to review the effectiveness of the program prior to that time and if found satisfactory extension of the program could then be considered by the Congress. House conferees recede.

Amendments No. 6, No. 7, and No. 25, provide for a change of date from 1953 to 1954. House conferees recede.

Amendments No. 8, No. 9, and No. 10, are considered jointly for they deal with the same subject matter. The Senate felt that certain provisions of the bill were so broad in scope that it would be possible for the Postmaster General to enter into lease-purchase agreements under which any or all of the more than 3,100 Government-owned post-office buildings now in use could be demolished and replaced with new buildings. As it was agreed that the Postmaster General did not seek nor desire such unlimited authority, the conferees have recommended amendments in section 202 which would make clear that this authority cannot be applied to any Government-owned property acquired prior to this act on which a building has been constructed and is now in use for postal purposes. House conferees recede.

Amendment No. 11, changes subsection "(d)" to "(e)". House conferees recede.

Amendment No. 12, constitutes a change in drafting only and in substance is incorporated in the new language for amendment No. 15. It will affect the Postmaster General in the same fashion as the Administrator of General Services is affected in the explanation set forth with respect to amendment No. 2. Senate conferees recede.

Amendment No. 13, affects the Postmaster General in the same manner provided in the statement contained herein with respect to amendment No. 3 which affects the Administrator of General Services. House conferees recede.

Amendment No. 14, changes subsection "(e)" to "(f)". House conferees recede.

Amendment No. 15, is almost identical in substance with the statement made here¹ in with respect to amendment No. 5. The House did not provide for any report re-

ferred or approval by the committees with respect to Post Office lease-purchase agreements. The conferees agreed that the delegation of this authority was likewise too broad, therefore, to be consistent provided for the same safeguards with respect to the Postmaster General as were provided for the Administrator of General Services as explained in the statement regarding amendment No. 5. In similar fashion the approval of lease-purchase contracts executed by the Postmaster General was limited for a period of 3 years. House conferees recede.

Amendment No. 16, provides that any interest in real property acquired thereunder by the Postmaster General shall be subject to State and local taxes until the title passes to the Government of the United States. The House had provided such a provision with respect to property acquired by the Administrator of General Services and the conferees agreed that a similar provision should be contained with respect to properties acquired by the Postmaster General. House conferees recede.

Amendment No. 17 is similar in most of all its aspects to the statement made with respect to amendment No. 1 except that the limitation for the fiscal year 1955 appropriation to the Post Office Department is set at \$3 million. The Senate had set that limitation at \$1 million and the House conferees prevailed upon them to make the amount \$3 million. In subsequent fiscal years the annual appropriations will be set in the appropriation acts. House conferees recede.

Amendments No. 18 and No. 20 are considered jointly for they deal with the same subject matter and provide safeguards to make certain that the post-office sites acquired pursuant to section 101 of the Public Buildings Act of 1949, as well as the existing Government-owned post offices now in use for postal purposes cannot be disposed of for the purposes of making lease agreements. The bill as it passed the House did not contain such a provision. House conferees recede.

Amendment No. 19 sets a limit of 30 years on the length of the lease periods which could be executed under this act. The bill as it passed the House contained no such limitation. It was felt that if any longer term is contemplated, a lease-purchase contract under the provisions of section 202 would be preferable to straight leasing. House conferees recede.

Amendment No. 21, designates a new subsection as "(a)". House conferees recede.

Amendment No. 22, provides that the amounts received by the Government from sales, leases or other disposals of property acquired will be receipts obtained under authority of title II of this act. House conferees recede.

Amendments No. 23 and No. 24, are considered jointly for they deal with the same subject matter. The conferees have agreed to amend section 205 of the act so that when any funds received from the sale, lease or disposal of property under the provisions of title II are available to be credited to current Post Office Department appropriations, any excess of the amount to be credited over the amount paid for the property shall be covered into the Treasury as miscellaneous receipts. Also, if any property acquired pursuant to the Public Building Acts of 1926 and 1949 should be transferred to the Postmaster General and subsequently sold or disposed of, any amounts received from such disposal shall be covered into the Treasury as miscellaneous receipts. House conferees recede.

GEORGE A. DONDERO,
HOMER D. ANGELL,
J. HARRY MCGREGOR,
GEORGE H. FALLON,
JAMES W. TRIMBLE,

Managers on the Part of the House.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1955

Mr. WIGGLESWORTH. Mr. Speaker, I call up the conference report on the bill (H. R. 8873) making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 23, 1954.)

Mr. WIGGLESWORTH. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 4, line 20, insert:

"RESERVE TOOLS AND FACILITIES

"Amounts made available under this head for the fiscal year 1954 but not transferred to other appropriations during that year shall remain available for such transfer during the current fiscal year."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 2, and concur therein with an amendment, as follows: After the word "Amounts" in line 2 of said amendment insert the following: ", not exceeding \$100,000,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 9, line 12, insert ": *Provided*, That not to exceed \$36 million may be transferred to this appropriation from the appropriation 'Procurement and Production, Army' for the construction of National Guard armories in accordance with said act of September 11, 1950, when such transfers are determined by the Secretary of Defense to be in the national interest."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk reads as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 5, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided*, That not to exceed \$18 million may be transferred to this appropriation from the appropriation 'Procurement and Production, Army' for National Guard armory and nonarmory construction in accordance with the act of September 11,

1950, when such transfers are determined by the Secretary of Defense to be in the national interest: *Provided further*, That such portion of the amount so transferred as may be applied to the construction of buildings and facilities other than armories shall be without regard to the 75 percent restriction on contributions contained in section 4 (d) of the act of September 11, 1950."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 11, line 3, insert ": *Provided*, That in addition, the Secretary of the Army may transfer not to exceed \$25 million to this appropriation from the appropriation 'Procurement and Production, Army': *Provided further*, That obligations may be incurred under this appropriation for installation, maintenance, and operation of facilities for antiaircraft defense without regard to section 67 of the National Defense Act."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 9: Page 17, line 1, insert ": *Provided*, That \$700,000 of the foregoing amount shall be transferred to the appropriation 'Salaries and expenses, Weather Bureau, Department of Commerce', fiscal year 1955."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate Amendment No. 13: Page 21, line 16, insert ": *Provided*, That the unexpended balances appropriated for research and development under the heads 'Naval Personnel, General Expenses,' 'Marine Corps, Troops and Facilities,' 'Aircraft and Facilities,' 'Ships and Facilities,' 'Ordnance and Facilities,' 'Medical Care,' 'Civil Engineering,' 'Service-wide Supply and Finance, Navy' for the fiscal years 1953 and 1954 and the unexpended balance of appropriations under the head 'Research' are hereby transferred to and merged with this appropriation, in such amounts as may be recommended by the Secretary of Defense and approved by the Director of the Bureau of the Budget."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 13, and concur therein with an amendment, as follows: Before the period at the end of said amendment, insert the following: ", except that the total unobligated portions of such balances so transferred and merged shall not exceed \$8,703,100."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 29, line 2, insert ": *Provided*, That in addition, the

Secretary of the Air Force may transfer not to exceed \$5 million to this appropriation from any appropriation available to the Department of the Air Force for obligation."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 18, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided*, That in addition, the Secretary of the Air Force may transfer not to exceed \$5 million to this appropriation from any appropriation available to the Department of the Air Force which is limited for obligation to fiscal year 1955."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 19: Page 30, line 9, insert "That in addition, the Secretary of the Air Force may transfer not to exceed \$9,000,000 to this appropriation from any appropriation available to the Department of the Air Force for obligation."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 19, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "That in addition, the Secretary of the Air Force may transfer not to exceed \$9,000,000 to this appropriation from any appropriation available to the Department of the Air Force which is limited for obligation to fiscal year 1955: *Provided further*."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: Page 39, line 19, insert ": *Provided further*, That no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of facilities in the continental limits of the United States for metal-scrap baling or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him determines, with respect to each facility involved, that the operation of such facility must be continued in the national interest."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 22, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided further*, That no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of new facilities or equipment for new facilities in the continental limits of the United States for metal-scrap baling or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him deter-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 8, 1954
For actions of July 7, 1954
83rd-2nd, No. 125

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HIGHLIGHTS: Senate committee announced decisions on farm program bill. House Rules Committee cleared bills to amend Farm Tenant Act, transfer CCC seeds to FS etc., and provide unemployment compensation for Federal employees. Watershed bill was sent to conference. House agreed to conference report on buildings lease-purchase bill. Rep. Hope introduced bill for cooperation with Mexico and Canada in control of insects and plant diseases. Rep. Harden urged expended marketing of surpluses. Sen. Williams criticized USDA administration of drought relief. Rep. Whitten inserted his testimony on his personnel rider.

HOUSE

1. FARM LOANS; CCC SEEDS; UNEMPLOYMENT COMPENSATION. The Rules Committee reported resolutions for consideration of S. 1276, to amend the Bankhead-Jones Farm Tenant Act in several respects; S. 2987, to provide for transfer of certain surplus CCC seeds to the Forest Service and BLM; and H. R. 9709, to amend the unemployment compensation program, including a provision to extend it to Federal employees (p. 9475).
2. SOIL CONSERVATION. Reps. Hope, Andresen, Hill, Cooley, and Poage, and Sens. Aiken, Young, Thye, Hickenlooper, Ellender, Johnston, and Holland were appointed conferees on H. R. 6788, the watershed development bill (pp. 9441, 9398-9).
3. BUILDINGS. Agreed to the conference report on H. R. 6342, to authorize GSA to acquire real property and authorize lease-purchase agreements for construction of buildings thereon (pp. 9442-3). The Senate has not yet acted on the report.
4. HOUSING LOANS. Rep. Rains was appointed as a substitute for Rep. Patman as a conferee on H. R. 7839, the housing bill, which includes a provision continuing the rural housing program (p. 9441).
5. TAXATION. House conferees were appointed on H. R. 8300, the tax revision bill (p. 9473). Senate conferees have been appointed.

6. TRAVEL. The Government Operations Committee ordered reported (but did not actually report), amended, H. R. 179, to provide for payment of expenses of return transportation of Federal employees and authorized dependents, but not household effects, from posts of duty outside continental U. S. (p. D789).
7. FOREST FIRES. Both Houses received from the Navy Department a proposed bill to authorize reciprocal fire protection agreements between departments and agencies of the U. S. and public or private organizations engaged in fire-fighting activities; to Government Operations Committees (pp. 9486, 9389).
8. VOCATIONAL REHABILITATION. Began and concluded debate on H. R. 9640, to extend and improve services under the Vocational Rehabilitation Act, but deferred the vote on the bill until today (pp. 9443-73).

SENATE

9. FARM PROGRAM. The "Daily Digest" states: "Committee on Agriculture and Forestry ... continued its executive consideration of S. 3052, to encourage a stable, prosperous, and free agriculture, following which it announced that it had approved the provisions of section 320 (dairy price supports) of H. R. 9680, a related House bill, with the following amendments:
"By a vote of 8 to 7, agreed to (1) provide dairy price supports at 85 percent of parity for 1 year beginning September 1, 1954, (2) provide for use of certain criteria for determining the price support level on dairy products for 2 years beginning September 1, 1955, and (3) authorize use of direct payments to producers or processors as a method of price support for dairy products.
"Also, the committee, by a vote of 13 to 2, agreed to retain present prohibition against price supports for Irish potatoes unless marketing quotas are in effect." (p. D786)
10. DROUGHT RELIEF. Sen. Williams criticized assistance to the King ranch in connection with the drought relief program and stated "it is time for the Committee on Agriculture and Forestry to call for a reexamination of this program" and that the Secretary should furnish Congress a "list of all those millionaire ranchers to whom such relief has been extended" (p. 9431).
11. SURPLUS PROPERTY. Passed without amendment H. R. 9232, to extend until June 30, 1955, the authority of GSA to dispose of surplus property by negotiation, rather than by advertising, when advertising will not facilitate disposal and disposal by negotiation will further the public interest (p. 9438). This bill will now be sent to the President.
12. PRICE SUPPORTS. Sen. Humphrey inserted a local co-op association resolution favoring 90% supports on basics under the old formula (p. 9392).
13. VOCATIONAL REHABILITATION. Passed, 82-0, with amendments S. 2759, to extend and improve the Vocational Rehabilitation Act (pp. 9400-36).
14. PERSONNEL; EXPENDITURES. Sen. Byrd, as Chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, inserted a report on civilian employment in the executive branch for May 1954 (pp. 9392-6).
15. RURAL TELEPHONES. Sen. Langer inserted a resolution of N. Dak. Cow-Belles urging faster action on rural-telephone loans (p. 9389).
16. BANKING AND CURRENCY. S. 3589, to provide for independent management of the Export-Import Bank, was made the unfinished business (p. 9438).

S. J. Res. 147. Joint resolution to establish the Woodrow Wilson Centennial Celebration Commission, and for other purposes;

S. J. Res. 149. Joint resolution designating the month of September 1955 as John Marshall Bicentennial Month, and creating a Commission to supervise and direct the observance of such month;

S. J. Res. 169. Joint resolution authorizing the President of the United States of America to proclaim the first Sunday of each month for a period of 12 months for prayer for people enslaved behind the Iron Curtain;

S. J. Res. 170. Joint resolution to approve the conveyance by the Tennessee Valley Authority of certain public-use terminal properties now owned by the United States;

S. Con. Res. 85. Concurrent resolution to authorize the adoption and use of official seals by the Speaker of the House of Representatives and the President pro tempore of the Senate; and

S. Con. Res. 92. Concurrent resolution favoring the suspension of deportation in the case of certain aliens.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2728. An act to authorize the collection of indebtedness of military and civilian personnel resulting from erroneous payments, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 303) entitled "An act to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WATKINS, Mr. DWORSHAK, Mr. KUCHEL, Mr. ANDERSON, and Mr. LENNON to be the conferees on the part of the Senate.

The message also announced that the Senate had ordered that the Senator from Utah, Mr. WATKINS, be appointed a conferee on the bill H. R. 5731, an act to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes, in place of the Senator from Nebraska, Mr. Butler, deceased.

The message also announced that the Senate had ordered that the Senator from California, Mr. KUCHEL, be appointed a conferee on the bill S. 3378, an act to revise the Organic Act of the Virgin Islands of the United States, in place of the Senator from Nebraska, Mr. Butler, deceased.

SLIP LAW, INTERNAL REVENUE CODE OF 1954

Mr. REED of New York. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 250) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be

printed 12,590 additional copies of the slip law for the Internal Revenue Code of 1954, of which 2,475 copies shall be for the use of the Senate, 500 copies for the use of the Committee on Finance, 6,615 copies for the use of the House of Representatives, and 3,000 copies for the use of the Committee on Ways and Means.

The concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

SOIL CONSERVATION

Mr. HOPE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table, the bill (H. R. 6788) to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. HOPE, AUGUST H. ANDRESEN, HILL, COOLEY, and POAGE.

CONFEREES ON HOUSING BILL, H. R. 7839

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent for the gentleman from Texas, Mr. PATMAN, to be excused from serving as a conferee on the bill, H. R. 7839, the so-called Housing Act of 1954.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Alabama, Mr. RAINS, to serve on the conference committee on the bill, H. R. 7839, the so-called Housing Act of 1954, and the Senate will be notified accordingly.

CORRECTION OF THE RECORD

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to correct the RECORD on page 9331 where I am quoted as describing certain vessels as "C-1-MAV." It should read "C-1-MAV-1."

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. McCARTHY. Mr. Speaker, I ask unanimous consent to correct the permanent RECORD. On page 8970 of the RECORD for July 1, 1954, in the first paragraph of my remarks the following should be added after the words "to the facts in the agricultural situation":

The argument has been made here today that peanuts are not a basic commodity.

The SPEAKER. Without objection, the correction will be made.

There was no objection.

[Mr. WHITTEN addressed the House. His remarks appear in the Appendix of today's RECORD.]

AMERICAN DEFENSE PLANS

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, it is with pleasure that I call to the attention of the House one of the more significant advances in American defense plans of recent months. Our distinguished colleague, the Honorable WILLIAM L. LANTAFF, of Florida, has been advised by the Secretary of Defense of the approval of plans submitted by him for the creation of a civilian reserve corps of specialists and technicians. It is a plan to create a civil-service reserve for national mobilization.

Those who are familiar with the problems incident to recruiting competent civilian personnel to fill key specialists positions in the Pentagon during World War II will readily agree that there is a need for action along this line. Not only was it difficult to recruit competent civilians who were available for civilian service in the Defense Establishment, but those who were available for recruitment were often the subject of competition among various agencies in the Government for their services. In addition, after they were recruited for important positions their talents could not be used to advantage until after they had been properly indoctrinated and the necessary security clearances had been obtained.

Advance recruiting of personnel who would be needed in time of national emergency will begin immediately on a limited scale. If successful, the program may be extended to all agencies which might be forced to expand rapidly in the event of an attack with atomic or hydrogen bombs.

The reserve force would in general parallel the Reserve Corps of the armed services. Those selected for the posts would report for 2 weeks of training with pay each year. Congressman LANTAFF, a Reserve officer who witnessed the long struggle to get qualified civilians for such work in World War II days, has been preparing the plan for about 18 months and has had numerous conferences with defense, civil service, and White House officials.

Chief benefits of the plan are:

First. Qualified individuals could be carefully selected in advance for special jobs and indoctrinated in the requirements of their position.

Second. Positions would be authorized, the individuals designated and approval of the Civil Service Commission obtained before mobilization.

Third. Security investigations, necessary in these posts as in the military and often causing months of delay, could be completed before there was urgent necessity to fill the positions.

It is also significant that limited service personnel or personnel not physically qualified for service in the Armed Forces can be used in this program, thus freeing other personnel for military duty.

According to the Secretary of Defense the pilot plan which is being put into operation provides for the appointment of up to 12 highly qualified specialists

who will furnish their talents to Army G-2 not more than 2 weeks annually at the rate of one such specialist per month. Such specialists will be asked to commit themselves to the program and to serve in the event of mobilization although there will be no legal binding contract involved. These specialists will be appointed on a "when actually employed" basis and be reimbursed. The rates of pay will be determined on the basis of each specialist's qualifications and the position involved and in all probability will range within the existing grades GS-12 through 15. Appointments will be made to specific previously determined positions such as military intelligence research specialist and cartographic engineer for which the individual has exceptional qualifications. Current rosters of the selected individuals will be maintained and efforts will be made to keep in continual contact with these individuals. Care will be taken to insure that only personnel not eligible for military service during mobilization or personnel not presently employed in the Federal Government are appointed.

Congressman LANTAFF's plan provides an opportunity for a striking advance in manpower utilization.

PROTECT JOBS OF BADLY DISABLED VETERANS

(Mr. LANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, under the Whitten amendment, disabled veterans, including amputees, are being separated from their Federal employment.

The preference to which they are entitled above all others has been reduced to zero minus.

The technical justification is that they have no status.

Even though the quality of their work is above reproach.

In spite of the fact that their trial or probational period has lasted for 3 or 4 years in some cases.

No status?

This Nation and its freedoms would cease to exist if we did not have some men and women ready to sacrifice life and limb in our defense.

Those disabled by national service have a right to expect that their Government will not forsake them. Basic to all legislation in the area of veterans' affairs is the implied obligation of the Government to compensate for the inability of some disabled veterans to get jobs in private industry.

I am sure that the Whitten amendment was never intended to take this earned preference away from them.

In the absence of specific language, minor officials have taken it upon themselves to misuse the Whitten amendment, interpreting it to suit their own convenience.

As an entering wedge to break up veterans' preference in Federal employment.

If this sly attack upon handicapped veterans is not defeated, a precedent will be established that will lead to further encroachments, eventually affecting all

honorably discharged members of our Armed Forces.

We want a clear and firm amendment to close up these loopholes interpretations that have been so damaging to men and women who have been disabled in the military service of our country.

Here is a copy of a letter received recently by the Disabled Americans Veterans that reveals the heartless policy in effect at some Government installations:

JUNE 24, 1954.

DEAR SIR: I am a disabled veteran of World War II. My left leg was amputated and my right leg was wounded also while overseas. My disability is 50 percent. I was employed at the Boston Navy Yard as a guard. I held this position for 4 years. I was employed at such time because this was a job set aside for disabled veterans. This job was suitable for a person in my condition. During my 4 years of employment my work was satisfactory. Now I have received my notice as they are laying off in the reductional force. It is extremely hard for me to find employment because of my condition. I am married with a family of two children to support. I can't help feeling bitter, as it is unjust to put an amputee out of employment. I did my duty toward my country, and I don't feel that my country owes me anything, as it was a duty any United States citizen would be glad to participate in. All I ask or want is employment which I need badly. I am writing to you for advice and help.

Thanking you,
Very Sincerely,

The above quote refers to but one combat veteran who has been the victim of an injustice committed by his own Government.

There are more than 80 other similar cases on file with the DAV, Department of Massachusetts.

How many more there are who nurse the unkindest cut of all in silence we do not know.

To tie up the loose ends of the Whitten amendment we recommend that the following provisions be added to it:

SEC. 1. The Civil Service Commission is authorized to confer a competitive classified civil-service status or a probational status upon any veteran serving under a temporary indefinite appointment who establishes the present existence of a service-connected disability of not less than 10 percent subject to the following conditions:

"If such veteran has completed a trial period of 1 year he may be given a competitive classified civil-service status: Upon certification to the Civil Service Commission by the head of the agency concerned that the veteran has completed a trial period of 1 year and that his services have been satisfactory. If, under the same circumstances, he is not recommended, he shall have the right of appeal to the United States Civil Service Commission.

If such veteran has not completed a trial period of 1 year he may be given a probational status upon certification to the Civil Service Commission by the head of the agency concerned that the employee was given a temporary-indefinite appointment.

Briefly, and reduced to plain English, the proposed amendment would protect the job rights of disabled veterans.

They would not be at the mercy of unpredictable interpretations.

Amputees would not be shoved out of their jobs to make way for political fa-

vorites, long on influence, but short on military service.

We have made a contract with our veterans.

Where the terms are vague, we must make them bold and clear, so that no official of the Federal Government will ever be able to bluff a disabled veteran out of his job on the basis of personal opinion concerning the meaning of the law.

Veterans' preference laws must be fortified not undermined.

Our covenant with ex-servicemen and ex-servicewomen should be honored all the way.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 10 minutes today, following any special orders heretofore entered.

AMENDING PUBLIC BUILDINGS ACT OF 1949

Mr. DONDERO. Mr. Speaker, I call up the conference report on the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement of the managers.

(For conference report and statement, see proceedings of the House of June 24, 1954.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

Mr. DONDERO. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 251), and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill H. R. 6342 entitled "An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes," the Clerk of the House is authorized and directed to make the following corrections:

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 1 insert a period in lieu of the semicolon.

In the matter inserted in lieu of that proposed by the amendment of the Senate numbered 5 insert quotation marks before each of the eight parenthetical numerals, and at

the end of such matter insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 15 insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 17 insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 19 insert a comma in lieu of the semicolon.

The resolution was concurred in, and a motion to reconsider was laid on the table.

Mr. MCGREGOR. Mr. Speaker, the Government now employs two methods for occupying buildings for Federal purposes: First, direct construction; and second, leasing.

The above bill will provide a third, or intermediate, method by which title to properties may be obtained by the Federal Government.

The bill provides for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and in section 203 of title II for term-leasing agreements for the accommodation of activities of the Post Office Department.

Title I will be known as the Public Buildings Purchase Contract Act of 1954 and be administered by the Administrator of General Services. Title II will be known as the Post Office Department Property Act of 1954 and be administered by the Postmaster General. It is in section 203 of title II that more liberal authority to the Postmaster General is granted with respect to term-lease agreements.

Under title I, the Administrator of General Services will have to obtain his funds for the purposes desired from the Appropriations Committee under certain conditions contained in the bill and hereinafter described. For the fiscal year 1955, funds available are limited to \$5 million. This procedure is likewise provided in title II with respect to the Postmaster General; however, the funds available to him for the fiscal year 1955 are limited to \$3 million. Before any agreement can be executed, the same must be approved by the Director of the Bureau of the Budget who must verify that such agreement is necessary and in conformity with the policy of the President. Also, before any appropriations can be made for these projects a resolution of approval must be obtained from the Committees on Public Works of the Senate and House respectively. For the purpose of securing consideration of said approval, a prospectus of each proposed project must be transmitted to each such committee by the Administrator of General Services or the Postmaster General, as the case may be, which prospectus shall include, but is not limited to, first, a brief description of the building located or to be erected at a given location; second, an estimate of the maximum cost of site and building together with the term of years over which payments would run and the max-

imum rate of interest that would be acceptable for any deferred part of such cost; third, a certificate of need for the space signed by the head of the agency or agencies which will use the facility; fourth, a statement by the Administrator of the General Services Administration—title I—or the Postmaster General—title II—that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed; fifth, a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government; sixth, a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract; seventh, a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and, eighth, a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President.

The approval of such contracts is limited to a period of 3 years which will give the Congress an opportunity to review the effectiveness of the program prior to that time and, if found satisfactory, extension of the program could then be considered by the Congress.

In the first instance a Member believing that he has a project which would be qualified under the procedure outlined would present the same to the Administrator of General Services or to the Postmaster General, according to the type of project to be considered, and if found by them to be a worthy project it would likewise have to have the approval of the Director of the Bureau of the Budget who would execute a written statement to the effect that the execution of such agreement is necessary and in conformity with the policy of the President. After these conditions have been complied with the head of the agency or department respectively would include the same on the list of projects to be considered by the Committees on Public Works of the Senate and House, respectively, and furnish such committees with a prospectus of the proposed project describing and justifying the same in accordance with eight enumerated standards hereinbefore mentioned.

No appropriation could be made for the project until resolutions of approval were obtained from the respective Committees on Public Works of the Senate and House.

With respect to title II, among other things, one of the qualifications for consideration of a project is that the receipts of the post office serving such area exceed \$10,000 per year.

In title II, section 203 deals with straight-term leasing. It is an extension of the present leasing authority of the Postmaster General which will permit greater efficiency and economy under the conditions for which its use is proposed.

It will authorize the Postmaster General to enter into lease agreements for the erection of postal buildings and related facilities upon lands which may be acquired by the Postmaster General and conveyed to the lessor for this purpose. It would apply largely to special purpose, postal handling facilities. It will be used in cases where relatively long-term occupancy is contemplated but where permanent indefinite occupancy cannot be counted upon. Under such conditions, a lease-purchase contract with ultimate Government ownership probably would not be warranted, but suitable arrangements can be made with prospective lessors for the construction of these special-purpose facilities on lands selected as best located for the particular purpose under consideration. A typical example might be a building for handling parcel-post packages which must be located on a suitable site with railroad connections.

The authority to enter into such straight-term leasing agreements is limited for a 10-year period of time and no agreement entered into shall bind the Government for periods in excess of 30 years.

The terms "purchase-contract agreement" in title I and "lease-purchase agreement" in title II are used synonymously for they both have the same objectives, that is, to obtain fee title to property in the Federal Government within the 10- to 25-year period of the agreement by paying annual installments on the purchase price. The Public Works Committee felt that "purchase contract" was the proper descriptive term to be employed relative to the agreements whereas the Post Office and Civil Service Committee which was consulted with respect to title II of the bill preferred the use of the term "lease purchase."

PERMISSION TO FILE REPORTS

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

VOCATIONAL REHABILITATION AMENDMENTS OF 1954

Mr. ALLEN of Illinois. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 606.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9640) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to

the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Virginia [Mr. SMITH], and yield myself such time as I may require.

Mr. Speaker, I rise to urge the adoption of House Resolution 606, which will make in order the consideration of the bill H. R. 9640, to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes.

House Resolution 606 provides for an open rule, waiving points of order with 2 hours of general debate on the bill itself.

Mr. Speaker, H. R. 9640 seeks to supplement and improve upon the provisions of the Barden-LaFollette Act of 1943, which in its turn had been an improvement upon the original Federal Vocational Rehabilitation Act of 1920. At the present time, for the current fiscal year the Federal Government is spending about \$23 million to take care of this project, and State and local funds will total about \$13 million.

According to the report on this bill, Mr. Speaker, H. R. 9640 would provide an effective legislative framework for a major expansion of rehabilitation in this country, predicated on the full participation of the Federal and State Governments and of voluntary agencies and organizations engaged in this field.

Mr. Speaker, this bill has several new features which are worthy of some discussion. There would be substituted for the present method of granting funds to the States a three part system of grants which would take into account the varying needs and financial capabilities of the individual States, while assuring that each State which maintains its 1954 level of available State funds will receive a Federal grant not less than the grant it received in 1954. Secondly the bill would expand the types of vocational rehabilitation services and facilities which States could provide with the aid of Federal funds so as to permit the States to improve their services qualitatively and quantitatively.

H. R. 9640 would also provide for temporary Federal financial assistance in the training of qualified rehabilitation personnel in those professional fields where shortages now impose serious limitations.

Mr. Speaker, this bill also revises the provisions required to be included in State plans so as to increase State responsibility and authority for adminis-

tration of State programs and facilitate improvements in State administration.

Finally, Mr. Speaker, this bill would seek to redefine and emphasize the role of the Federal agency in this setup. The role of the Federal agency is to provide technical advice and assistance to the States. The bill would also encourage a cooperative relationship between the vocational rehabilitation agency and other public agencies, which also work in this field.

Mr. Speaker, this bill should have the consideration of the House membership and I therefore hope that the rule will be adopted.

Mr. SMITH of Virginia. Mr. Speaker, I know of no opposition to the rule. There will probably be some discussion as to amendments and to the desirability of the legislation itself. I now yield 10 minutes to the gentleman from Pennsylvania [Mr. KELLEY].

Mr. KELLEY of Pennsylvania. Mr. Speaker, the attitude a nation adopts toward the weak and disabled members of the community is one of the standards by which its degree of civilization may be judged. This attitude is one of the very practical differences between the totalitarian states and free democracies.

According to this criterion we have made some progress. As a people we are conscious of what should be done, and we are sympathetic with those who need our assistance. But we also have been struggling along on a far from complete job for the handicapped. The plea of the handicapped over the years has been for employment and for this purpose the original act was written in 1920 and was amended by the so-called Barden-LaFollette Act in 1943.

I am supporting this present bill, but I am doing it reluctantly because it has not performed for the physically handicapped what the Nation expects or what the handicapped themselves need. It is conservatively estimated that about 250,000 people suffer some physical disability each year, which requires rehabilitation. To date, the best that has been done to rehabilitate them is a little over 60,000 restored in 1 year, which leaves about 190,000 annually who need rehabilitation and placement. Also, it is variously estimated this backlog now is two and one-half to three million—thus we see that we are falling far behind each year. This is the weakness of the present bill: That not enough emphasis is put upon employment of the physically handicapped.

I think, too, this bill could have been improved had the committee had access to the vast amount of information that a subcommittee of the 78th and 79th Congresses had garnered. This was a subcommittee of the House Education and Labor Committee, of which I had the honor to be chairman, and conducted hearings covering a period of 3 years. Over 500 witnesses were heard and they included the handicapped, specialists on disabling diseases, professional people engaged in rehabilitation and employment of private and State agencies engaged in the work of rehabilitation. It was a comprehensive array of facts which

would have been most helpful to the present committee had these been available. Unfortunately, when the 80th Congress convened, all of this information—hearings and reports—disappeared from the files of the committee.

The problem is no less acute today than it was then, and to do a complete job we should go back over the previous studies and bring them up to date.

The hearings in this subcommittee disclosed that during the Second World War, when labor was scarce, many industries of necessity dipped into this pool of physically handicapped. Several of these companies kept accurate records of the performance of these people and it was revealed that their performances on the job equalled those of the normal person, that their rate of absenteeism was less and that their rate of injury was much less. Of course when the pressure for labor lessened, the handicapped were the first to be released from their jobs because of the seniority rule which applied in most instances. The emphasis should be placed on the great need to put these handicapped people on jobs so that they may become self-supporting.

My subcommittee corrected evils that had sprung up in the limb industry over the years and stimulated the first improvements made in these prosthetics since the Civil War. Growing out of the work of this committee a special advisory committee of the Veterans' Administration, aided by the outstanding newspaperman, Col. Robert S. Allen, helped to organize a program of scientific research for the improvement of prosthetic devices and to make these improvements available to the civilian handicapped population. So now the civilian amputee has the advantage of all improvements made by the Army, the Navy, and the Veterans' Administration. I have been very proud to serve on that advisory committee under the conscientious and hard-working leadership of my good friend, Colonel Allen.

Now let us look at the problem of employment of the physically handicapped. I am quoting from the report submitted by the Committee on Education and Labor on this bill, H. R. 9640. On page 3 it says that—

Although many of these individuals cannot be rehabilitated, because of the severity of their conditions or for other reasons, it is a fact that a substantial percent can be, as demonstrated already by the State vocational rehabilitation agencies. In 1953, of the 61,000 handicapped men and women rehabilitated through the public program, over 11,000, or 18.5 percent of the total, had been receiving payments under public-assistance programs. To continue these 11,000 disabled individuals on relief for 1 more year would have cost an estimated \$8.7 million. To rehabilitate them cost only about \$6.4 million. It is estimated that, returned to gainful employment, this group will pay Federal income taxes during the first 4 years after rehabilitation in excess of the entire amount expended by the Federal Government to rehabilitate them. From the financial standpoint alone, few, if any, better investments by the Federal Government can be found.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of July 8, 1954
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HIGHLIGHTS: Senate committee made decisions on farm program bill. Senate agreed to conference report on buildings lease-purchase bill. Senate passed life insurance bill for Federal employees. Senate committee reported bill authorizing cooperation with Mexico and Canada on control of insects and plant diseases. House concurred in Senate amendments to bill to regulate pesticide chemicals. House passed bill extending unemployment compensation to Federal employees. House passed bill allowing travel expenses from posts outside continental U. S. House committee reported bills to authorize additional contract research, approve southeastern forest fire compact, and authorize banks for cooperatives to issue consolidated debentures. House committee ordered reported bill to approve south central forest fire compact.

SENATE

1. FARM PROGRAM. The "Daily Digest" states: "Committee on Agriculture and Forestry ...continued its executive consideration of S. 3052, to encourage a stable, prosperous, and free agriculture, following which it announced that it had agreed:

"(1) By a vote of 10 to 5, to retain set-aside provisions of the bill with 2 minor amendments;

"(2) To a provision to prevent the drop of more than 5 percent each year in the parity prices of wheat, cotton, corn, and peanuts during the transition to modernized parity formula beginning in 1956;

"(3) By a vote of 8 to 7, to a motion to make the price-support level of oats, rye, barley, and grain sorghums in 1955 and 1956 equal to that of corn based on their feed value relationship;

"(4) To a provision transferring agricultural attaches to the Department of Agriculture;

"(5) To a provision authorizing the Secretary of Agriculture to control the use of diverted acreage;

"(6) To repeal marketing quotas for corn;

"(7) To include grapefruit, cling peaches, and pears for canning and processing under marketing agreements and orders;

"(8) To extend the agricultural conservation payment program for 2 more

years on a national basis;

"(9) To a provision that whenever tomatoes, avocados, limes, and grapefruit are regulated by marketing orders, imports of such commodities must comply with grade, size, quality, and maturity provisions of such order; and

"(10) To increase allowance for carryovers of corn in computing normal supply from 10 to 15 percent of domestic consumption and exports — and from 15 to 20 percent in the case of wheat." (p. D794.)

2. BUILDINGS. Agreed to the conference report on H. R. 6342, to authorize GSA to acquire real property and to provide for the construction of Federal buildings thereon by executing purchase contracts (pp. 9577-81). This bill will now be sent to the President.

3. EMPLOYEES' LIFE INSURANCE. Passed without amendment S. 3681, providing for life insurance for Federal employees (pp. 9599-602). The committee report summarizes the provisions of the bill as follows:

"The group insurance program authorized by the bill would cover nearly all civilian employees of the executive, legislative, and judicial branches... The Commission could, by regulation, and after consultation with agency heads, exclude persons whose coverage would be administratively impracticable. Non-citizen employees with permanent duty station outside a State or the District Columbia, and employees of certain corporations under the supervision of the Farm Credit Administration, would be excluded from coverage. Each eligible employee would be automatically covered unless he elects to the contrary.

"Each covered employee would be insured for a sum equal to his annual compensation raised to the next higher multiple of \$1,000, with a maximum of \$20,000 in any case. Double indemnity and dismemberment insurance also attaches. The amount of insurance would be reduced by 2 percent a month after the individual attains age 65, subject to a maximum reduction of 75 percent.

"As his share of premium cost for all three types of insurance, there will be withheld from the employee's salary an amount not exceeding 25 cents biweekly for each 1,000 of life insurance. The Government will contribute an amount not exceeding one-half the sum withheld from the employee. Payment of premiums would end at age 65, or earlier if the employee retires for disability or retires for other reason after at least 15 years' civilian service. Otherwise, separation from service would terminate the insurance, subject to a right of the employee to convert the insurance to an individual policy of life insurance under conditions approved by the Commission."

4. INSECTS; PLANT DISEASES. The Agriculture and Forestry Committee reported without amendment S. 3697, to amend the act of April 6, 1937, to authorize cooperation with Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests and plant diseases (S. Rept. 1756)(p. 9548).

5. EXPORT-IMPORT BANK. Passed without amendment S. 3589, to provide for the independent management of the Export-Import Bank under a Board of Directors, to provide for representation of the bank on the National Advisory Council on International Monetary and Financial Problems, and to increase the bank's lending authority (pp. 9558, 9574-7).

6. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments S. 964, to authorize the Fryingpan-Arkansas project, Colo. (S. Rept. 1754)(p. 9548).

7. PUBLIC LANDS; MINERALS. Passed as reported the following bills:

S. 3344, to provide for multiple mineral development, under the mineral

everyone. I know that it will be passed by the Senate.

Mr. CAPEHART. Mr. President, the able Senator from Delaware [Mr. FREAR] was a member of our group which went to Latin America and visited 15 countries. He was with us every day, and was just as much responsible as was the chairman for all the meetings which were held, and for the hard work which was done in trying to bring out the facts.

Mr. FREAR. I appreciate the very kind remarks of the Senator from Indiana.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3589) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 of the Export-Import Bank Act of 1945, as amended, is hereby further amended to read as follows:

"Sec. 3. (a) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

"(b) There shall be a President of the Export-Import Bank of Washington, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of \$17,500 per annum, and who shall serve as chief executive officer of the bank. There shall be a first vice president of the bank, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of \$16,000 per annum, who shall serve as President of the bank during the absence or disability of or in the event of a vacancy in the office of president of the bank, and who shall at other times perform such functions as the president of the bank may from time to time prescribe.

"(c) There shall be a board of directors of the bank consisting of the president of the Export-Import Bank of Washington who shall serve as chairman, the first vice president who shall serve as vice chairman, and three additional persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the 5 members of the Board, not more than 3 shall be members of any one political party. Each director, other than the president of the Export-Import Bank and the vice president of the Export-Import Bank, shall receive a salary at the rate of \$15,000 per annum. Before entering upon his duties, each of the directors shall take an oath faithfully to discharge the duties of his office. Terms of the directors shall be at the pleasure of the President of the United States, and the directors, in addition to their duties as members of the Board, shall perform such additional duties and may hold such other offices in the administration of the bank as the president of the bank may from time to time prescribe. A majority of the board of directors shall constitute a quorum. The board of directors shall adopt, and may from time to time amend, such bylaws as are necessary for the proper management and functioning of the bank, and shall, in such bylaws, designate the vice presidents and other officers of the bank and prescribe their duties.

"(d) There shall be an Advisory Committee of nine members, appointed by the Board of Directors on the recommendation of the president of the bank, who shall be broadly representative of production, commerce, finance, agriculture, and labor. The Advisory Committee shall meet one or more times per year, on the call of the president of the bank to advise with the bank on its program. Members of the Advisory Committee shall be paid a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the committee, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

"(e) No director, officer, attorney, agent, or employee of the bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested."

SEC. 2. Section 4 (a) of the Bretton Woods Agreements Act, as amended, is hereby further amended by striking out all following "Federal Reserve System," and inserting in lieu thereof "the president of the Export-Import Bank of Washington, and during such period as the Foreign Operations Administration shall continue to exist, the Director of the Foreign Operations Administration."

SEC. 3. The Export-Import Bank Act of 1945, as amended, is hereby further amended as follows:

(a) Section 6 is amended by striking out the words "three and one-half times the authorized capital stock of the bank" and substituting therefor the figure "\$4,000,000,000."

(b) Section 7 is amended by striking out the words "four and one-half times the authorized capital stock of the bank" and substituting therefor the figure "\$5,000,000,000."

SEC. 4. The provisions of this act for the appointment of a president and a first vice president of the bank and the members of the Board of Directors shall be effective upon its enactment. The remaining provisions of this act shall become effective when the president and first vice president of the bank and one other member of the Board of Directors initially appointed hereunder enter upon office, and shall thereupon supersede Reorganization Plan No. 5 of 1953.

MULTIPLE MINERAL DEVELOPMENT

Mr. MARTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. UPTON in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1620, Senate bill 3344.

The PRESIDING OFFICER. The Secretary will state the bill for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3344) to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the bill.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY LEASE-PURCHASE CONTRACTS — CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts, to extend the authority of the Postmaster General to lease quarters for post-office purposes, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the report.

Mr. MARTIN. Mr. President, the purpose of this bill (H. R. 6342) is to provide for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and for term-lease agreements for the accommodation of activities of the Federal Government. It provides a supplemental method of securing building space which would be used only in accordance with specified conditions and criteria.

When this bill was passed by the House of Representatives it contained provisions which constituted a broad delegation of legislative authority to the executive department with respect to obtaining buildings for activities of the Federal Government.

After considering those provisions, the Committee on Public Works recommended certain restraints upon this broad delegation of authority. The Senate accepted these restraints and added further amendments of a restrictive nature. As passed by the Senate, the bill fulfilled its original objective of providing a supplemental method of obtaining Federal building space but only under certain specified criteria and with adequate safeguards to preserve the legislative responsibilities with respect to authorizations for Federal buildings.

Under the agreement recommended by the conferees, the substance of all of the Senate amendments is retained in the act. Many of the Senate amendments are agreed to in their entirety. Other Senate amendments are modified for purposes of clarification.

Mr. President, the report was printed in the RECORD at page 8419, of June 24, and I presume that Senators have read it. Therefore I shall not read the whole

report. However, it provides a limitation of 3 years, and during the first year provides a limitation on expenditures by the Post Office Department of \$3 million, and by the General Services Administration of \$5 million. First, the proposals must be approved by the Bureau of the Budget, setting forth the cost, the amount, the length of the lease, and figures of that kind. Then the proposals are referred to the Public Works Committees of the House and the Senate. It seems to me that the bill has been very carefully safeguarded. It will provide an opportunity to construct post office buildings and other buildings which the Federal Government needs at this time. We have not built any post offices in the United States for a period of 15 years.

The Senator from South Dakota [Mr. CASE], the Senator from California [Mr. KUCHEL], and the Senator from Florida [Mr. HOLLAND], who have done so much work not only in the hearings on the bill before the Committee on Public Works, but in the conference, and I will be very glad to answer any questions that any Senator may wish to propound. I believe it would be better to proceed in that way than for me to read the complete report, which is already printed in the RECORD.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. BYRD. Unfortunately, I have just come into the Chamber, and I did not hear everything the Senator has said. As I understand, the conferees accepted practically all the Senate amendments. Is that correct?

Mr. MARTIN. They accepted practically all the Senate amendments. There was some clarifying language added, but it does not disturb the meaning of the amendments added by the Senate.

Mr. BYRD. The provision requiring approval by the Bureau of the Budget was rewritten, but it is practically in the same language as before. Is that correct?

Mr. MARTIN. It is in the same language, approximately. Certain constitutional questions were brought up, which we did not feel had much merit.

Mr. BYRD. Every agreement must have the approval of the Bureau of the Budget, as I understand.

Mr. MARTIN. It must have the approval of the Bureau of the Budget. In fact, the Director of the Budget must make a recommendation that the building is needed and furnish information concerning the length of the lease, and so forth. Then the recommendation is passed on by the Public Works Committees of both the House and the Senate. There is a limitation of 3 years on the amount of money, namely, the first year, \$3 million for the Post Office Department, and \$5 million for the General Services Administration.

Mr. BYRD. I thank the Senator from Pennsylvania.

Mr. CASE. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. CASE. Mr. President, for purposes of the RECORD and in elaboration of the answer which has already been

given by the distinguished chairman of the committee to the Senator from Virginia [Mr. BYRD], I should like to point out the process provided by the conference agreement in relation to getting the approval of the Senate and House Committees on Public Works.

In the bill as it passed the Senate, following a prolonged debate, as Senators will remember, the big issue was the question of an administrative agency coming into agreement with the Committees on Public Works regarding lease-purchase contracts. The conference report eliminates reference to the contracts as such. The action of the committees will be as to projects rather than contracts of agreement. It may amount to the same thing, but there is some difference, because the committees are not required to pass upon particular contracts. It was on that point that the strongest arguments were made by those who feared that some constitutional questions might be involved. The procedure is that the proposed project will be submitted to the Committees on Public Works, and those committees, and through them, the Congress, will retain the right to authorize or not to authorize projects.

At the present time, in the absence of any legislation on the subject, no project can be entered upon by an administrative agency of the Government for the purchase of real estate or the construction of buildings involving the purchase of real estate, except by an authorizing act of the Congress.

This bill retains the authorization power in the hands of the Congress by providing that funds shall not be appropriated by the Congress unless they are based upon a list of eligible projects which has been reviewed by the appropriate committees. It is the belief of the conferees that an appropriation to make rents or rental moneys available for the payment of lease-purchase agreements would not be in order on an appropriation bill if they related to projects which had not been previously established on an eligible list. The conference bill avoids the constitutional question which was raised during the time the measure was under consideration by the Senate, for it does not require the agencies of the Government to submit agreements to the Congress, but they will submit their proposals for authorization, so to speak, by the inclusion on an eligible list, if the appropriate committees of the House and Senate agree.

There is retained in the conference agreement the several provisions which were hammered out in the Senate during the extended debate on the bill, namely, the provisions for detailed information on proposed projects. The approval of the Bureau of the Budget must be included in the data submitted by the General Services Administration or the Postmaster General. The approval of the Bureau of the Budget must be one of the certificates submitted to the Congress. Then there follows a long list of detailed information about the projects provided for in an amendment submitted on the floor of the Senate. So that when the record is complete, we shall not have

given any blank checks to any agency of the Government to engage in an unlimited commitment of the Government for monthly payments for rentals or for retiring the principal cost of the buildings.

So, Mr. President, we think we have presented to the Congress a sound piece of legislation. There is a limitation on the time in which eligible lists may be established that will insure review of the Congress.

Mr. President, I wish to commend the diligent work of the junior Senator from California [Mr. KUCHEL] and of the Senator from Florida [Mr. HOLLAND] because of their very careful work during the time the bill was under review by the Senate Committee on Public Works. During the debate the Senator from Virginia [Mr. BYRD] and the Senator from Delaware [Mr. WILLIAMS] raised questions which received serious consideration by the members of the committee at the time the bill was before us.

The bill represents a major piece of legislation. When the record of this Congress is written, I am confident that the authorization here created to provide a public-buildings program, both for general office buildings and for post offices, will be listed among the notable achievements of this Congress. We present the conference report today with full confidence that it embodies a measure which will be useful in the 3 years immediately ahead and which will lay the foundation for constructive, forward-looking, long-range legislation for handling the office problems of the United States Government.

Mr. HOLLAND. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. HOLLAND. Mr. President, I am sure every Senator realizes that this act is a distinct departure. Certainly the committee members who handled it in the beginning made no pretense that it was not and the conferees now state that the act will be a real departure from earlier practices. The fact of the matter is that the Congress finds itself so overwhelmed with details that it has become increasingly impossible to handle, in the antiquated fashion, special authorizations of the many, many building projects which are now required because of the present size of this Nation.

So, Mr. President, the legislation is experimental. The conference report contains one feature which has already been mentioned, and which was not contained in either the House bill or the Senate bill, which holds the measure to an experimental period of 3 years and points up the fact that the Congress in passing this legislation knows it is truly an experiment which it hopes will succeed, and which it retains the right to review and either continue or completely discontinue after 3 years of trial. Unless Congress acts affirmatively at the end of 3 years, in accordance with this provision in the report, the experiment will come to an end.

Mr. President, the distinguished chairman of the Public Works Committee and the Senator from South Dakota have both stated what is a fact—that nearly all the Senate amendments were pre-

served intact. The conference report filed by the conferees of the House and appearing in the *RECORD* shows that to be true, and shows clearly the few changes which were made in the Senate bill, one of which I have already mentioned, namely, the 3-year limitation. That is something new, which appeared for the first time in the conference.

The other two principal changes made in the Senate bill are, first, the one which seeks to substitute a new method of authorization for that which has heretofore prevailed as a part of the legislative process. Senators will recall that when the bill was passed by the Senate it contained a provision which would have granted to the committees of the two Houses the power to have submitted to them the plans and projects of executive agencies for their approval. Their agreement to any proposed project was a condition precedent to any further action taken thereon.

By whatever name it may be called, that procedure was a kind of veto upon the executive in its activities in carrying out the provisions of the act. Lawyers objected to that provision as being unconstitutional. As to the soundness of their objection, the courts alone could say. But certainly there is some substance to the objection.

So the conference report carries out the same intent as effectively as did the Senate bill, by requiring that, as a legislative procedure, any plan or any project, to become a part of the whole operation under this act, before any appropriations for use in the project are ever made, must have been submitted to and approved by the appropriate committees of the two Houses. For the first time, at least, so far as I know, authorization by the two committees will become a condition precedent to the inclusion of that item as such, or of a general item including that and other items, in an appropriation bill. Any efforts to bypass this requirement can be made the subject of a point of order. I shall read into the *RECORD* three sentences from the statement of the Managers on the part of the House, because they so clearly state the situation:

Under the new conference language, committee approval must be obtained before the necessary funds can be appropriated. If an appropriation should be proposed without committee approval, such appropriation would be subject to a point of order. Although the conferees feel that such a proposal would not be made, it is their intent and understanding that a point of order can be made and sustained against appropriations for projects lacking committee approval.

I may say that the Parliamentarians of the two Houses have been checked on the matter, and the conferees were advised that this was correct procedure, and that a point of order could properly be made and sustained under the procedure which is established by the bill.

The other real departure in the conference report from the Senate bill—and the only other substantial departure—is one which raises the size of the program for the first year. In the case of the General Services Administration part of the program, the amount is

raised from \$4 million to a maximum of \$5 million.

In the case of the Post Office Department part of the project, the amount is raised from a maximum of \$1 million to a maximum of \$3 million.

The conferees felt that that was not only in line with the program, but was advantageous, in view of the 3-year restriction, which means that a real beginning can be made at once, and the 3 years will reflect a better period of trial than would be the case if the operation got under way more slowly, as was contemplated by the Senate at the time of the passage of the Senate bill.

Without further laboring the question, I merely wish to remind the Senate that the conference report is unanimous. The opinions of the conferees were by no means unanimous when we began the conference but the proposal marks, I think, a rather constructive working out of the ideas of the House and the ideas of the two groups within the Senate, who were striving to achieve something workable in this field, which would relieve Congress of some of the details while, at the same time, not releasing too greatly the powers or the responsibilities of Congress.

Mr. CASE. Mr. President, will the Senator yield?

Mr. HOLLAND. I am glad to yield to the Senator from South Dakota.

Mr. CASE. When the Senator from Florida is mentioning the difficulties and the labors of the committee of conference, I wish to pay tribute to the patience and diplomatic ability of the chairman of the Committee on Public Works, the distinguished Senator from Pennsylvania [Mr. MARTIN].

I think the Senator from Florida will agree with me that although the committee of conference began its work with many points of possible dispute and difference, it was in part, at least, due to the genial disposition, patience, and kindly attitude of the distinguished Senator from Pennsylvania that an agreement was reached.

Mr. HOLLAND. That is certainly true; and I may say that the same observation could be made of the distinguished Senator from South Dakota [Mr. CASE] and the chairman of the House group of conferees, who is also chairman of the Committee on Public Works of our sister body, who also had very definite convictions in the matter.

I think the entire conference was a constructive one, and that definitely useful results were accomplished. Certainly that is the hope and belief of all the conferees.

Mr. KUCHEL. Mr. President, when, approximately a year ago, the Committee on Public Works first began to grapple with the problems of formulating lease-purchase legislation, it studied as a point of departure the three ways by which a public agency acquires the necessary space in which to house its many activities. The first is the outright purchase of property. That type of acquisition, Mr. President, has not been engaged in by the Government of the United States for about a decade and a half. The reason, I think, is quite obvious.

The fiscal situation and the difficulties, money-wise, which the Government has encountered in the past 15 years have prevented Congress from making appropriations for the construction of new buildings.

A second way in which space has been historically acquired by the Government has been upon a rental or a lease basis. I think the members of the Committee on Public Works were considerably impressed by the fact that there have been instances when the Government has paid rent on specific buildings for as long as a half century. Obviously, at the end of the 50 years, the Government had nothing to show for its periodic payments of money which had been made. That, I think, has been a real loss. Throughout such extended periods of payment, no equity in the properties has been created in the Government.

The third means by which the Government can acquire the space necessary to conduct its operations is through what has been termed a lease-purchase contract, an arrangement known to millions of American families and individuals. It is a method of purchase, by installment payments, of the great majority of homes in which the families of America live.

So it seemed from the very beginning—and I think I can say that there was considerable agreement in the committee—that Congress might well consider the adoption of a proper type of lease-purchase legislation, so that the Government would be able to acquire an equity in the property which it was using, by means of the installment payments, monthly or quarterly, of moneys necessary to continue the occupancy of the buildings.

But it seemed, also, that there appeared a considerable number of hazards in giving to any Federal agency a clear, untrammelled power to enter into lease-purchase agreements wholesale, across the entire breadth of the land. I think that from the very beginning the distinguished Senator from Pennsylvania [Mr. MARTIN], the able chairman of the Public Works Committee, and also the members of the committee from both sides of the aisle, were in firm agreement that Congress ought to reserve to itself, perhaps through the Committees on Public Works of the Senate and the House, some restrictions upon an otherwise untrammelled authority, which was evidenced in the bill as it came from the House of Representatives.

When the bill reached the floor of the Senate, some Members in good faith believed, for constitutional reasons or reasons of policy, that there should be no congressional restraints upon this broad delegation of authority in the bill. On the floor of the Senate the question was debated whether Congress should continue, as the bill indicated it would continue, to maintain an authority over the types of lease-purchase agreements to be entered into, or whether, to the contrary, it should, in wholesale fashion, delegate the authority to enter into lease-purchase agreements to the General Services Administration and the Post Office Department?

The Senate demonstrated conclusively its views upon that question when, by a vote of 60 to 8, it determined that Congress, and the appropriate committees of Congress, should continue to have, a responsibility to determine whether lease-purchase agreements would be or would not be entered into. That responsibility, in acceptable language, remains in the conference report.

The distinguished Senator from South Dakota [Mr. CASE], the able Senator from Delaware [Mr. WILLIAMS], and the distinguished Senator from Virginia [Mr. BYRD] recommended that contractual standards be written into the bill, and the members of the committee were happy to work with them in the preparation of the amendment along that line.

In addition to that, as the distinguished Senator from Florida [Mr. HOLLAND] has suggested, there is also in this proposed legislation the requirement that the Bureau of the Budget itself shall determine whether in each instance a proposed lease-purchase contract will fit into the pattern of things, moneywise, so far as the administration is concerned.

We accomplished one more thing in which I think the people of the country will be interested. We wrote into the bill the provision that, when payments are made by the Government to the individual who is constructing the building and selling it to the United States, and during the entire lifetime of the contract, ad valorem taxes will be paid not only to the community in which the building is located, but also to the county, and to the State as well, in a State where an ad valorem real property tax is in effect. I am a firm adherent to the doctrine that in lieu tax payments should be made by the Federal Government where the burden of large Federal holdings is imposed upon communities.

Until the time comes, and I hope it may be soon, Mr. President, when dwindling local tax bases will not face Federal governmental encroachment, the provisions of this bill will be helpful to the local taxpayer. Until Congress passes legislation to assist American cities as expanded Federal activities bite off great chunks from local tax rolls, we have here a good provision.

The average lease-purchase contract will run, I suppose, 10 years or more; and during that time the property involved will continue to support local government. Meanwhile, I believe broad gage in-lieu tax legislation will have been enacted by the Congress.

So I am confident that we may honestly say that in the proposed legislation, a forward step has been taken, and a modern technique of business has been given to the Federal agencies involved, to enable them to acquire necessary space to house the activities of the Government. This is the same basis of up-to-date procedure which well-managed business employs.

I should like to comment briefly on one more aspect. The bill represents an arrangement which will remain in effect for three years. Out in the open for all those interested to observe, for all in the Government and out of the Government to scrutinize, a record will be

made upon which it can then be determined whether this type of legislation should become permanent. If the General Administration Services and the Post Office Department move vigorously, I am sure we will learn before the trial period is over that this plan will solve problems of governmental agencies as it does for individuals.

It is a fine thing for one such as I, a Member of the Senate for only a short time, to observe the processes by which a bill can be strengthened and safeguarded, all in the public interest, and which, when finally passed, presents to the agencies of the Government a new opportunity, by using good business judgment, to acquire in the towns and communities of America buildings which are necessary to enable the public business of the Government of the United States to be properly conducted.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Mississippi.

Mr. STENNIS. For the record made on the bill, I think a Senator who is not a member of the conference committee should say a word of commendation for the very fine work which the members of that committee have done with reference to the bill. I am a member of the Senate Committee on Public Works, and I have confessed that the bill came to the floor of the Senate in such form that, after some of the defects were exposed, we did not have as much pride in it as we had theretofore.

This is one instance in which the junior Senator from Mississippi thinks a bill was greatly improved and strengthened on the Senate floor. The bill then went to the conference committee. I was not a member of that committee, but I did, as a substitute, attend one of its meetings in the beginning. It seemed like it was impossible for the members ever to reach a common basis of understanding as a result of which a bill could emerge, much less to have a unanimous report. Because of the very fine work of the competent men who composed the conference group, I think we now have before us a bill which is stronger than it was when it went to conference—stronger by far—and which at the same time retains the principles and the substance contained in the amendments adopted by the Senate, which improved the bill as reported by the committee.

I think a word should be said about the fine work of the Senator from Virginia [Mr. BYRD]. The proposal made by him was a sound one and strengthened the bill, and time will prove the wisdom of his position. Other Senators joined, of course, in his proposal, but, with his usual thoroughness, he presented his proposal on the floor of the Senate, and it was accepted. As a result, I think the bill has been greatly strengthened.

I certainly hope time will prove, as has been stated by the Senator from California, that this arrangement will be an improvement over the old system. The bill presents great possibilities. Congress still has control.

I wish again to commend the conferees and all those who contributed to the provisions of the bill, and express the hope that it will be workable, sound legislation.

Mr. KUCHEL. I should like to say, in answer to the distinguished Senator from Mississippi, that I well recall several instances in which he contributed in great part to the improvement of the proposed legislation. I remember specifically the question whether the Congress should continue to control the decisions which would be made by the Government agencies, that it was his argument which went a long way in the Senate Committee on Public Works toward keeping before the committee the provision on that aspect which is now in the bill. I thank the Senator from Mississippi, along with my other colleagues, the distinguished chairman of the committee, the Senator from Pennsylvania [Mr. MARTIN], the Senator from Florida [Mr. HOLLAND], and the Senator from South Dakota [Mr. CASE]. All of them deserve high praise for their diligent efforts, which resulted in an excellent piece of legislation.

As the Senator from Mississippi has suggested, other distinguished Members of the Senate who are not members of the committee should also be commended. I have in mind the senior Senator from Virginia [Mr. BYRD], who took part in making additional recommendations in the nature of safeguards so far as the public interest is concerned.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Louisiana.

Mr. LONG. I wish to congratulate the distinguished Senator from California [Mr. KUCHEL] for the fine work he has done on the bill, and also to commend the Senator from Florida [Mr. HOLLAND] for what he did, as well as to thank the other members of the committee and the conferees who have worked out the compromise which is now before the Senate.

It seems to me the conference succeeded in finding a device whereby the committees can very properly keep an eagle eye on the way the post-office leases are handled, in order to make sure that there will not be a repetition of the kind of scandals which took place under section 608 of the Housing Act. I think a very good device has been found under which Congress and the appropriate committees will have an opportunity to examine into the lease-purchase contracts, and make sure they are in the public interest when it is necessary that contracts be entered into for the construction of post offices.

Mr. KUCHEL. If I may for a moment speak for all my brethren on the committee, I wish to express our thanks for the comments which the Senator has made. And the Senator from Louisiana is completely right when he says the bill is in the public interest. The conference bill provides for a complete disclosure of all contracts for post offices and other governmental buildings which it is contemplated will be entered into by the two Government agencies.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. KUCHEL. I am happy to yield to the distinguished Senator from Kansas.

Mr. CARLSON. I, too, wish to express my appreciation to the members on the Committee on Public Works, to the subcommittee, and to the conference committee, for the work they did on the bill. As the distinguished Senator from California, the distinguished Senator from Florida, and other Senators who worked on the bill very diligently, may know, I was somewhat concerned, because we were entering a new field, that legislation would be proposed which would prove to be ineffective.

I wish to say that I am greatly pleased with the conference report which has been returned. The bill provides the Government with an opportunity now to construct buildings throughout the Nation under lease-purchase contracts, and instead of paying rentals for literally hundreds of years, the Government, in a matter of years, will own the buildings. That is a program which is new.

I think the committee is entitled to the thanks of the Congress and the people of the country. I am aware of the crosscurrents and concerns encountered during the writing of the proposed legislation.

I am happy to appear in the Senate this afternoon and express my delight and my sincere thanks to the members of the committee for the work they have done on the bill, because I know that in the future the Government will receive value for the money it spends for the buildings contemplated under the bill. I can speak from experience as a former Governor of Kansas, where there is in operation a plan similar to the one now proposed for the Federal Government. I can inform the Senate that in Kansas the plan is working very well.

We are indebted to the chairman of the subcommittee, the Senator from California [Mr. KUCHEL], and to the chairman of the full committee.

Mr. KUCHEL. I am sure I speak for every member of the subcommittee and the full committee in expressing my thanks for the generous comments of the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. MARTIN. Mr. President, following adoption of the conference report, I wish to express my appreciation of the excellent work done by the subcommittee having the bill under consideration. The bill has been considered for almost 1 year. It represents a complete departure from anything the United States Government has previously undertaken.

Personally, I think the bill provides sufficient safeguards, and that it will work to the advantage of the American people.

At this time I wish to thank the chairman of the subcommittee, the junior Senator from California [Mr. KUCHEL], and also the Senator from South Dakota [Mr. CASE], and the Senator from Florida [Mr. HOLLAND], all of whom de-

voted many hours and earnest efforts to the formulation of the bill. I also wish to thank the other Senators who, when the bill came to the floor of the Senate, helped work out the amendments and devoted a great deal of time and effort to their consideration. I also wish to express my profound appreciation and thanks to the Senate Members and also the House Members of the committee of conference. All of them worked diligently toward the sole end of preparing a bill which would contain proper safeguards and also provide for accomplishing the desired results.

Mr. President, at this time I wish to state that the Senator from Washington [Mr. MAGNUSON] was in opposition to the bill. If he were now on the floor, I believe he might wish to express his opposition to the bill. Last night he told me that at this time he would not do anything except express his opposition. In fairness to him, I think that statement should be made.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS—CORRECTIONS IN ENROLLMENT OF BILL

The PRESIDING OFFICER (Mr. UPTON in the chair) laid before the Senate House Concurrent Resolution 251, which was read as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill H. R. 6342 entitled "An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes," the Clerk of the House is authorized and directed to make the following corrections:

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 1 insert a period in lieu of the semicolon.

In the matter inserted in lieu of that proposed by the amendment of the Senate numbered 5 insert quotation marks before each of the eight parenthetical numerals, and at the end of such matter insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 15 insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 17 insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 19 insert a comma in lieu of the semicolon.

Mr. MARTIN. Mr. President, I ask unanimous consent for the present consideration of the concurrent resolution.

There being no objection, the concurrent resolution (H. Con. Res. 251) was considered and agreed to.

MULTIPLE MINERAL USE OF PUBLIC LANDS

The Senate resumed the consideration of the bill (S. 3344) to amend the mineral

leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BEALL in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the first committee amendment.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 4, at the beginning of line 6, to strike out "February 10, 1954" and insert "December 11, 1953"; on page 5, line 20, after the word "tract", to insert "then available for such leasing"; on page 8, line 7, after the word "leasing", to strike out "law" and insert "laws"; on page 11, line 22, after the word "as", to strike out "he" and insert "the Secretary"; in line 24, after the word "lease", to insert "provided expressly, that not less than ninety days prior to the filing of such request for publication there shall have been filed for record in the county office of record for the county in which the lands covered thereby are situate a notice of the filing of such application or offer or of the issuance of such permit or lease which notice shall set forth the date of such filing or issuance, the name and address of the applicant, offeror, permittee or lessee and the description of the lands covered by such application, offer, permit or lease"; on page 12, line 9, after the word "by", to insert "a certified copy of such recorded notice and"; after line 24, to insert:

"The filing of such request for publication shall also be accompanied by the certificate of a title or abstract company, or of a title abstractor, or of an attorney, based upon such company's abstractor's, or attorney's examination of the instruments affecting the lands involved, of record in the public records of the county in which said lands are situate as shown by the indices of the public records in the county office of record for said county, setting forth the name of any person disclosed by said instruments to have an interest in said lands under any unpatented mining claim heretofore located, together with the address of such person if disclosed by such instruments of record."

On page 14, at the beginning of line 1, to insert "heretofore located"; on page 15, line 17, after the word "be", to strike out "sent" and insert "mailed"; on page 15, line 22, after "section 7," to insert "and shall cause a copy of such notice to be mailed by registered mail to each person whose name and address is set forth in the title or abstract company's or title abstractor's attorney's certificate filed as aforesaid, as having an interest in the lands described in said notice under any unpatented mining claim heretofore located, such notice to be directed to such person's address as set forth in such certificate"; on page 16, at the beginning of line 8, to insert "heretofore located"; on page 17, line 19, after the word

"claim", to insert "heretofore located"; on page 19, after line 23, to strike out:

"Sec. 9. Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) (7) thereof, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, whether heretofore or hereafter located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of the Atomic Energy Act, would have been or would be locatable under such mining laws, shall be valid and effective in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material. Notwithstanding the provisions of said section 5 (b) (7) of the Atomic Energy Act no mining claim heretofore or hereafter located under the mining laws of the United States shall be subject to, and no mineral patent hereafter issued shall contain, a reservation to the United States of fissionable source material, but the United States, its agents or representatives, shall have the right at any time to enter upon the land to prospect for, mine and remove fissionable source material upon making just compensation for any damage or injury occasioned thereby: *Provided*, That no such right of entry shall be exercised unless the Atomic Energy Commission shall have determined that the security needs of the United States require emergency production of fissionable source materials: *Provided further*, That the amounts to be paid to the owners of rights under any such mining claim for any fissionable source material so mined and removed by the United States, its agents or representatives, shall be such amounts as the Commission in its discretion deems to be fair and reasonable."

On page 21, after line 4, to insert:

"Sec. 9. Notwithstanding any previous act, regulation, or decision, the reservation of minerals in lands withdrawn from the public domain for mineral purposes by Executive order, proclamation, or other administrative procedure shall be applicable only to those minerals and for the purposes expressed in said Executive order, proclamation, or other administrative procedure. The Secretary of the Interior shall retain the power and authority to dispose of other leasable minerals in said lands by leasing procedures applicable to the public domain. This section shall become effective April 1, 1955."

On page 21, after line 15, to insert:

"Sec. 10. The Atomic Energy Act is hereby amended as follows:

"(a) Section 5 (b) (5) is revised to read:

"(5) Acquisition: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to purchase, take, requisition, condemn, or otherwise acquire—

"(A) supplies of source materials or any interest in real property containing deposits of source materials; and

"(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any prop-

erty or interest in property taken, requisitioned, or condemned under this paragraph."

"(b) Section 5 (b) (6) is revised to read:

"(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States."

"(c) Section 5 (b) (7) is revised to read:

"(7) Public lands: No individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership, or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or cause the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation."

"(d) Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) (7) thereof, prior to its amendment hereby, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, heretofore located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of said Atomic Energy Act, would have been locatable under such mining laws, shall, insofar as adversely affected by such possible contrary construction, be valid and effective, in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material."

On page 24, line 12, to change the section number from "10" to "11"; on page 25, line 10, after "(60 Stat. 755)", to strike out "and all heretofore enacted acts which are amendatory of or supplementary to said act" and insert "as amended"; in line 16, after "5 (b)", to strike out "(7)" and insert "(1)"; in line 18, after the word "States", to strike out "'uranium lease application' shall mean an application for a uranium lease filed with said Commission pursuant to the provisions of its Domestic Uranium Program Circular 7 (10 C. F. R. 60.7); 'uranium lease' shall mean a uranium mining lease issued by said Commission pursuant to the provisions of said Circular" and insert "'uranium lease application' shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral leasing laws or lands known to be valuable for minerals leasable under those laws; 'uranium lease' shall mean a uranium mining lease issued by said Commission with respect to any such lands"; and on page 26, line 8, to change the section number from "11" to "12", so as to make the bill read:

"Be it enacted, etc., That, (a) subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, any mining claim located under the mining laws of the United States subsequent to July 31, 1939, and prior to February 10, 1954, on lands of the United States, which at the time of location were—

"(1) included in a permit or lease issued under the mineral leasing laws; or

"(2) covered by an application or offer for a permit or lease which had been filed under the mineral leasing laws; or

"(3) known to be valuable for minerals subject to disposition under the mineral leasing laws,

shall be effective to the same extent in all respects as if such lands at the time of location, and at all times thereafter, had not been so included or covered or known: *Provided, however*, That, in order to be entitled to the benefits of this act, the owner of any such mining claim located prior to January 1, 1953, must have posted and filed for record, within the time allowed by the provisions of the act of August 12, 1953 (67 Stat. 539), an amended notice of location as to such mining claim, stating that such notice was filed pursuant to the provisions of said act of August 12, 1953, and for the purpose of obtaining the benefits thereof: *And provided further*, That, in order to obtain the benefits of this act, the owner of any such mining claim located subsequent to December 31, 1952, and prior to February 10, 1954, not later than 120 days after the date of enactment of this act, must post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record, an amended notice of location for such claim, stating that such notice is filed pursuant to the provisions of this act and for the purpose of obtaining the benefits thereof and, within said 120-day period, if such owner shall have filed a uranium lease application as to the tract covered by such mining claim, must file with the Atomic Energy Commission a withdrawal of such uranium lease application or, if a uranium lease shall have issued pursuant thereto, a release of such lease, and must record a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall have been filed for record.

"(b) Labor performed or improvements made after the original location of and upon or for the benefit of any mining claim which shall be entitled to the benefits of this act under the provisions of subsection (a) of this section 1, shall be recognized as applicable to such mining claim for all purposes to the same extent as if the validity of such mining claim were in no respect dependent upon the provisions of this act.

"(c) As to any land covered by any mining claim which is entitled to the benefits of this act under the provisions of subsection (a) of this section 1, any withdrawal or reservation of lands made after the original location of such mining claim is hereby modified and amended so that the effect thereof upon such mining claim shall be the same as if such mining claim had been located upon lands of the United States which, subsequent to July 31, 1939, and prior to the date of such withdrawal or reservation, were subject to location under the mining laws of the United States.

"Sec. 2. (a) If any mining claim which shall have been located subsequent to December 31, 1952, and prior to December 11, 1953, and which shall be entitled to the benefits of this act, shall cover any lands embraced within any mining claim which shall have been located prior to January 1, 1953, and which shall be entitled to the benefits of this act, then as to such area of conflict

Public Law 519 - 83d Congress
Chapter 560 - 2d Session
H. R. 6342

AN ACT

All 68 Stat. 518.

To amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—GENERAL SERVICES ADMINISTRATION

SEC. 101. The Public Buildings Act of 1949 is amended by (1) redesignating section 411 thereof as section 412, and (2) inserting, immediately after section 410 thereof, the following new section:

“SEC. 411. (a) Whenever the Administrator of General Services determines that (1) the needs for space for the permanent activities of the Federal Government in any particular area cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for the accommodation of activities of the Government in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), except for the accommodation of activities of the Post Office Department, by negotiating and entering into purchase contracts, the terms of which shall not be less than ten nor more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the contract term and upon fulfillment of the terms and conditions stipulated in each of such purchase contracts. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of installment payments made thereunder including provision for the exchange of surplus real property or real property which may become surplus as a result of such agreement, where the Administrator determines that the best interests of the Government in economy and efficiency of operation will be served. Every purchase contract entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Administrator shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other purchase contracts entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$5,000,000 is hereby established for such purpose.

“ (b) The Administrator of General Services is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable purchase contracts.

“ (c) The Administrator of General Services is authorized to enter into agreements with any person, copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land owned by the United States and under the control of the General Services Administration including the demo-

GSA and Post Office.
Property contracts.
Public Buildings Purchase Contract Act of 1954.
63 Stat. 200.
40 USC 352 note.
Space procurement.

Purchase contracts.
Terms.

Limitation.

Existing property utilization.

Agreements.

Contract pro-
visions.

Limitations.

Budget and
Congressional
approval.

lition of obsolete and outmoded structures situated thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable purchase contracts.

"(d) Each such purchase contract shall include such provisions as the Administrator of General Services, in his discretion, shall deem to be in the best interests of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States: *Provided*, That no such agreement may provide for the payment by the United States in pursuance of the terms thereof of moneys in an aggregate annual amount in excess of 15 per centum of the appraised fair market value of the property at the date of the purchase contract, or in the case of property where construction shall not have been completed at that date in excess of 15 per centum of the fair market value at the date of completion of such construction. No such purchase contract shall provide for any payments to be made by the United States in excess of the amount necessary, as determined by the Administrator, to—

"(1) amortize—

"(A) the cost of improvements to be constructed plus the fair market value, on the date of the agreement, of the site, if owned or acquired by the contractor; or

"(B) the fair market value, on the date of the agreement, of completed improvements together with the site thereof; or

"(C) a combination of the foregoing in the case of existing improvements to be remodeled by the contractor; and

"(2) provide a reasonable rate of interest on the outstanding principal as determined under (1) above; and

"(3) reimburse the contractor for the cost of any other obligations assumed by him under the contract, including (but not limited to) payment of taxes, costs of carrying appropriate insurance, and costs of repair and maintenance if so assumed by the contractor.

"(e) No proposed purchase contract agreement shall be executed under this section unless such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for purchase contract projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within three years after the date of enactment of this Act. For the purpose of securing consideration of said approval the Administrator shall transmit to each such Committee a prospectus of the proposed project, including (but not limited to)—

"(1) a brief description of the building located or to be erected at a given location;

"(2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;

"(3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;

"(4) a statement by the Administrator of the General Services Administration that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;

"(5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their

probable cost if to be supplied in any part by the Government;

"(6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;

"(7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and

"(8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President.

"(f) Funds now or hereafter available for the payment of rent and related charges for premises, whether appropriated directly to the General Services Administration or to any other agency of the Government and received by said Administration for such purpose, may be utilized by the Administrator of General Services to make payments becoming due from time to time from the United States as current charges in connection with agreements entered into under authority of this section: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any such agreement prior to the expiration of the contract term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized: *Provided further*, That the value of any Government real property to be exchanged under any such agreement may be credited at the time of exchange to the payments to be made by the United States thereunder: *Provided further*, That Government real property to be exchanged may be credited in whole or in part to the purchase price of the property for which it is exchanged, except that where the amount of the credit for the real property to be exchanged exceeds the amount of the purchase price, the amount of the remaining proceeds shall, except as provided in section 205 of the Post Office Department Property Act of 1954, be covered into the miscellaneous receipts of the Treasury of the United States.

Payments.
Available funds.

Title acquisition.

Real property exchange.

Post, p. 524.

"(g) When requested by the Postmaster General, the Administrator of General Services is hereby authorized to exercise the authority vested in him by this section (1) to acquire property for postal purposes, or (2) to provide space for postal purposes in buildings acquired under this section for other purposes.

Postal purposes.

"(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

Taxes.

"(i) If any provision of this section or the application thereof to any person or circumstance is held invalid, the remainder of this section and the application thereof to other persons or circumstances shall not be affected thereby.

Separability.

"(j) (1) Section 302 (c) of the Federal Property and Administrative Services Act of 1949 and section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to purchase contract agreements entered into under this section, except that any such agreement may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the property described therein.

Advertising.
63 Stat. 393.
41 USC 252.

Attorney General's opinion.

"(2) Except as provided by paragraph (1) of this subsection, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); section 3 of the Act of August 27, 1935, as amended (60 Stat. 257; 40 U. S. C. 304c); section 407 of this Act;

Non-applicability of statutes.

and any other provision of law (except applicable labor standards provisions) relating to the acquisition of real property, construction of buildings, or leasing of space, shall not apply to purchase contract agreements executed under this section."

Federal construction programs. SEC. 102. It is not the intention of the Congress that the program authorized by this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the Federal Government.

Citation of title. SEC. 103. This title may be cited as the "Public Buildings Purchase Contract Act of 1954".

Post Office Department Property Act of 1954.
Purpose.

TITLE II—POST OFFICE DEPARTMENT

SEC. 201. It is the purpose of this title to supplement existing provisions of law for the leasing of space for postal purposes by providing authorization for the acquisition by the Postmaster General of such space through the execution of lease-purchase and other agreements under which the United States will obtain immediate use of such space and will make periodic payments, and in the case of lease-purchase agreements will obtain title to the property described therein at or prior to the end of the term prescribed therein. It is not the intention of the Congress that the program authorized by section 202 of this title shall constitute a substitute for or a replacement of any program for the construction by the United States of such structures as may be required from time to time by the postal service.

Space procurement.

SEC. 202. (a) Whenever the Postmaster General determines that (1) there is a substantial need for space for postal purposes in any particular area which cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, (2) the receipts of the post office serving such area exceed \$10,000 per year, and (3) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for postal purposes in suitable structures of permanent-type construction in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), by negotiating and entering into lease-purchase agreements, the terms of which shall not be less than ten nor more than twenty-five years and which shall provide in each case that title to the property shall vest in the United States at or before the expiration of the leasehold term and upon fulfillment of the terms and conditions stipulated in each of such lease-purchase agreements. Such terms and conditions shall include provision for the application to the purchase price agreed upon therein of rental payments made thereunder. Such payments under any such agreement may include amounts for the amortization of the fair market value on the date of such agreement of the property described therein. The financial transactions of the Post Office Department with respect to such lease-purchase agreements shall be subject to the accounting and auditing requirements of the Post Office Department Financial Control Act of 1950 (Act of August 17, 1950, ch. 735, Eighty-first Congress, second session).

Lease-purchase agreements.
Terms.

Accounting and auditing.

64 Stat. 460.
39 USC 794-794f.
Existing property utilization.

(b) Except as provided in subsection (d) of this section, the Postmaster General is authorized to exercise the powers granted in this section with respect to existing properties, including those for which conversions, additions, extensions, or remodeling may be required, and properties upon which construction is to be subsequently effected in pursuance of the terms of applicable lease-purchase agreements.

Agreements.

(c) Except as provided in subsection (d) of this section, the Postmaster General is authorized to enter into agreements with any person,

copartnership, corporation, or other public or private entity, to effectuate any of the purposes of this section; and is further authorized to bring about the development and improvement of any land purchased by the United States for postal purposes, including the demolition of obsolete and outmoded structures situate thereon, by providing for the construction thereon by others of such structures and facilities as shall be the subject of the applicable lease-purchase agreement. Land development, etc.

(d) The authority conferred on the Postmaster General by subsections (b) and (c) of this section to enter into lease-purchase agreements with respect to property owned by the Government on the date of the enactment of this Act, is hereby restricted to exclude from such authority any site which has been acquired pursuant to law, prior to the enactment of this Act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes. Restriction.

(e) Each such lease-purchase agreement shall include such provisions as the Postmaster General, in his discretion, shall deem to be in the best interest of the United States and appropriate to secure the performance of the obligations imposed upon the party or parties that shall enter into such agreement with the United States. No such agreement shall provide for any payment to be made by the United States in excess of the amount necessary, as determined by the Postmaster General, to— Agreement provisions.

(1) amortize—

(A) the cost of improvements to be constructed plus the fair market value, on the date of the agreement, of the site, if owned or acquired by the contractor, or

(B) the fair market value, on the date of the agreement, of completed improvements together with the site thereof, or

(C) a combination of the foregoing in the case of existing improvements to be remodeled by the contractor; and

(2) provide a reasonable rate of interest on the outstanding principal as determined under (1) above, and

(3) reimburse the contractor for the cost of any other obligations assumed by him under the contract, including (but not limited to) payment of taxes, costs of carrying appropriate insurance, and costs of repair and maintenance if so assumed by the contractor.

(f) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General to make any payments becoming due from time to time from the United States in pursuance of lease-purchase agreements entered into under the authority of this title: *Provided*, That no such funds may be expended for acquisition of title to the property covered by any lease-purchase agreement prior to the expiration of the leasehold term specified therein (whether by exercise of option to purchase or otherwise) in the absence of specific appropriation of funds for such acquisition, which appropriations are hereby authorized. Use of rental funds.

(g) No proposed lease-purchase agreement shall be executed under this section unless such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President. No appropriations shall be made for lease-purchase projects which have not been approved by resolutions adopted by the Committees on Public Works of the Senate and House of Representatives, respectively, within three years after the date of enactment of this Act. For the purpose of securing consideration of said approval the Postmaster General Title acquisition.

Budget and Congressional approval.

shall transmit to each such Committee a prospectus of the proposed project, including (but not limited to)—

- (1) a brief description of the building located or to be erected at a given location;
- (2) an estimate of the maximum cost of site and building together with the term of years over which payments would run and the maximum rate of interest that would be acceptable for any deferred part of such cost;
- (3) a certificate of need for the space signed by the head of the agency or agencies which will use the facility;
- (4) a statement by the Postmaster General that suitable space owned by the Government is not available and that suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed;
- (5) a statement of the managerial, custodial, heat and utility services to be provided by the contractor, or an estimate of their probable cost if to be supplied in any part by the Government;
- (6) a statement of the requirements for tax liability, upkeep and maintenance of the property by either the contractor or the Government during the period of the contract;
- (7) a statement of rents and other housing costs currently being paid by the Government for any agencies to be housed in the building to be erected; and
- (8) a statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President.

Taxes.

(h) With respect to any interest in real property acquired under the provisions of this section, the same shall be subject to State and local taxes until title to the same shall pass to the Government of the United States.

Amortization
of principal.
Annual pay-
ments.

(i) Every lease-purchase agreement entered into pursuant to this title shall provide for equal annual payments for the amortization of principal with interest thereon and the Postmaster General shall not enter into any such contract unless the amount of the annual payment required by such contract plus the aggregate of the annual payments required by all other lease-purchase agreements entered into during the same fiscal year do not exceed the specific limitations on such payments which shall be provided in appropriation acts: *Provided*, That prior to July 1, 1955, a limitation of not to exceed \$3,000,000 is hereby established for such purpose.

Limitation.

Authorization.

SEC. 203. (a) The Postmaster General is authorized to—

(1) negotiate and enter into lease agreements with any person, copartnership, corporation, or other public or private entity, which do not bind the Government for periods exceeding thirty years for each such lease agreement, on such terms as the Postmaster General deems to be in the best interests of the United States, for the erection by such lessor of such buildings and improvements for postal purposes as the Postmaster General deems appropriate, on lands sold, leased, or otherwise disposed of by the Postmaster General to, or otherwise acquired by, such person, copartnership, corporation, or public or private entity;

(2) for the purposes of paragraph (1) of this section, and without regard to the Federal Property and Administrative Services Act of 1949 (Act of June 30, 1949, ch. 288, Eighty-first Congress, first session), as amended—

(A) acquire by purchase, condemnation, lease, donation, or otherwise, and on such terms as he shall deem appropriate to the best interests of the United States, real property and interests therein, for use for postal purposes; and

(B) dispose of real property, and interests therein, acquired for use or used for postal purposes by sale, lease, or otherwise, on such terms as he shall deem appropriate to the best interests of the United States: *Provided*, That the Postmaster General shall not, for the purposes of this section, dispose of (1) any Government-owned property, or interests therein, acquired pursuant to section 101 of the Public Buildings Act of 1949 (63 Stat. 176) or (2) any Government-owned property, or interests therein, which has been acquired pursuant to law, prior to the enactment of this Act, on which there has been constructed a building to be used for postal purposes and which is presently being used for such purposes.

(b) Funds available to the Post Office Department for the payment of rents are authorized to be utilized by the Postmaster General for the purposes of this section.

SEC. 204. The Postmaster General may, at the time he enters into any lease-purchase or lease agreement under authority of this title, include in such agreement a provision for adjustment of the rental paid to any lessor to compensate for any increase or decrease in taxes on the leased property.

SEC. 205. (a) Amounts received by the Government from sales, leases, or other disposals of property acquired under authority of this title in the performance by the Postmaster General of the functions vested in him by this title shall be credited to the current applicable appropriation of the Post Office Department and shall be available for expenditure for the purposes of this title: *Provided*, That any amount received by the Postmaster General from the sale of such property, under authority of this title, which exceeds the amount paid therefor from the appropriations for the Post Office Department, shall be covered into the Treasury as miscellaneous receipts.

(b) Any amounts received by the Postmaster General from the sale, lease, or other disposal of real property acquired by the Government under authority of the Public Buildings Act of May 25, 1926 (44 Stat. 630), as amended, and the Public Buildings Act of 1949 (63 Stat. 176), as amended, which may be transferred to the Postmaster General, shall be disposed of in accordance with the provisions of section 321 of the Act entitled "An Act making appropriations for the Legislative Branch of the Government for the fiscal year ending June 30, 1933, and for other purposes" (47 Stat. 412; 40 U. S. C. 303b), section 5 of the Public Buildings Act of May 25, 1926, as amended (44 Stat. 633; 40 U. S. C. 345), or section 204 of the Federal Property and Administrative Services Act of 1949, as amended (63 Stat. 388; 40 U. S. C. 485), whichever section may be applicable.

SEC. 206. The Postmaster General shall take title, on behalf of the United States, to all real property purchased by him under authority of this title.

SEC. 207. (a) Section 355 of the Revised Statutes, as amended (50 U. S. C. 175), shall apply to the acquisition in fee simple of real property under this title, except that any lease-purchase agreement to acquire real property under this title may be entered into and placed in effect after request for but prior to receipt of an opinion of the Attorney General with respect to the validity of title to the real property described therein.

(b) Section 3709 of the Revised Statutes, as amended (41 U. S. C. 5), shall apply (1) to the acquisition of real property by lease-purchase agreements, under authority of section 202 of this title, and (2) to the lease agreements entered into under authority of paragraph (1) of section 203 (a) of this title.

All 68 Stat. 525.

Non-applicability of statutes. (c) Except as provided by subsections (a) and (b) of this section, sections 3733, 3734, and 3736 of the Revised Statutes, as amended (40 U. S. C. 259; 41 U. S. C. 12, 14); section 1 of the Act of March 3, 1877 (19 Stat. 370; 40 U. S. C. 34); and any other provision of law (except applicable labor standards provisions) relating to the acquisition or disposal of real property, construction of buildings, or leasing of space, shall not apply to any of the functions performed by the Postmaster General in effectuating the purposes of this title.

Time limitation. SEC. 208. No agreement shall be entered into under this title later than a date ten years after the date of enactment of this title.

Annual report. SEC. 209. The Postmaster General shall include in his annual report an account of transactions conducted during the applicable year pursuant to the provisions of this title.

Short title. SEC. 210. This title may be cited as the "Post Office Department Property Act of 1954".

Approved July 22, 1954.

